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Supreme Court, U.S.
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In the

Supreme Court of the United States

INTERNATIONAL BANCORP, LLC;
INTERNATIONAL SERVICES, INCORPORATED;
INTERNATIONAL LOTTERIES, LLC;
LAS VEGAS SPORTSBOOK, INCORPORATED;
BRITANNIA FINANCE CORPORATION,

Petitioners,

v.

SOCIETE DES BAINS DE MER ET DU
CERCLE DES ETRANGERS A MONACO,

Respondent.

Petition for a Writ of Certiorari to the
United States Court of Appeals for the Fourth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

Whether the "use in commerce" requirement of the Lanham Act entitles foreigners to U.S. trademark rights and remedies for descriptive terms, where the service mark at issue is not registered in the U.S., and the services are rendered solely outside the United States?

Whether a domain name registrant's use of an Internet domain name, comprised of descriptive and/or generic terms claimed as a mark by a third party, constitutes "copying" that gives rise to an inference or presumption that the third party's claimed mark has acquired distinctiveness (or "secondary meaning"), thereby conferring exclusionary Lanham Act rights upon the third party's claimed mark?

PARTIES TO THE PROCEEDING

Petitioners

Petitioners are five companies commonly controlled by a foreign national Mr. Claude Levy. International Bancorp, L.L.C. is a Delaware limited liability company; International Services, Inc., is incorporated in St. Kitts, West Indies; International Lotteries, L.L.C. is a Delaware limited liability company; Britannia Finance Corporation is a Delaware corporation; and Las Vegas Sportsbook, Inc. is incorporated under the laws of the Republic of Panama. Petitioners were the Plaintiffs and counterclaim Defendants in the District Court, and the Plaintiffs-Appellants in the Fourth Circuit Court of Appeals.

Respondents

Respondent Societe des Bains de Mer et du Cercle des Etrangers a Monaco ("SBM"), is a Monaco corporation. Respondent was the Defendant and counterclaimant in the District Court, and the Defendant -Appellee in the Fourth Circuit Court of Appeals.

RULE 29.6 STATEMENT

Petitioners have no parent corporations and no publicly held company owns more than 10% of the corporations' stock.

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OPINIONS BELOW

The opinion of the Court of Appeals (Appendix ("App."), *infra*, 1a-80a) is reported at 329 F.3d 359. The opinion of the District Court (App., *infra*, 86a-135a) is reported at 192 F. Supp. 2d 467 and the subsequent order (App., *infra*, 81a-85a is not reported. The order of the Court of Appeals denying a timely petition for rehearing en banc (App., *infra*, 136a-137a), is unreported at present.

JURISDICTION

The judgment of the Court of Appeals was entered on May 19, 2003. App., *infra*, 1a. The Court of Appeals denied a timely petition for rehearing en banc on July 23, 2003. App., *infra*, *136a*. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

RELEVANT PROVISIONS

Pertinent provisions of the Lanham Act, 15 U.S.C. §§ 1114, 1117, 1125, 1126, 1127, the Federal Rules of Evidence R. 301 and the Federal Rules of Civil Procedure R. 65 are set forth at App. *infra*, 138a-167a.

NATURE OF THE CASE

This petition asks the Supreme Court to enforce its long standing holdings establishing the territorial limits of trademarks, notwithstanding the development of world wide Internet; and to bring uniformity to the widely disparate analyses employed among the Circuits relating to secondary meaning, and the scope of the remedies based thereon. In *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918), this Court set forth the rule of territorial limitations of trademark

protection. In *Ingenohl v. Walter E. Olsen & Co.*, 273 U.S. 541 (1927) the Court further explained that the concept of territoriality is basic to trademark law since trademark rights exist in each country solely according to that country's law. Lower courts since *United Drug Co.* have applied the geographic limitations of trademark law without the need of intervention from the Supreme Court for almost 100 years. The Supreme Court has been equally clear with respect to the requirements for and limitations of the exclusionary rights the Lanham Act confers upon marks based upon descriptive and/or generic terms. *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844 (1982). Words used in the generic sense are not entitled to trademark protection and descriptive marks are provided limited trademark protection and only upon proof those terms have acquired "secondary meaning." "Secondary meaning" is acquired when "in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself." *Inwood* at 851, n. 11. The decisions below threaten to unravel this Court's longstanding holdings on trademark territoriality and secondary meaning.

STATEMENT

A. Factual Background

Respondent is a Monaco company, which provides hotels and gambling services within Monaco. Respondent typically uses descriptive words to name its services, including an American styled bar called "American Bar", a country club in Monte Carlo called "Monte-Carlo Country Club", a Paris themed hotel called the "Hotel de Paris", and a casino in Monte Carlo,

Monaco referred to as the Casino de Monte Carlo.[1] Respondent renders gambling services solely in Monaco[2]. Respondent indicated that it had plans offer Internet gambling but it did not do so at any time relevant to the proceedings below. Moreover, Respondents have permitted perhaps hundreds of others to use "Casino de Monte Carlo" in various forms without repercussions. Nevertheless, the Court below granted Respondent exclusive United States federal trademark rights to "Casino de Monte Carlo" for gambling services.

Petitioners and their affiliated companies operate websites that are devoted to the licensed Internet gaming industry. Two related companies, Casino Monte Carlo Inc. and Casino Monte Carlo NV were also formed by Mr. Claude Levy. Casino Monte Carlo, Inc. is a company lawfully chartered by the government of Panama and holds an online gaming license from the government of Panama. Plaintiff International Lotteries serves as treasurer and director of Casino Monte Carlo, Inc. of Panama. In addition Casino Monte Carlo, Inc. is a director of Casino Monte Carlo, NV, a company lawfully chartered by the government of the Netherlands Antilles. Casino Monte Carlo NV, in compliance with Dutch Antilles Internet gaming laws is licensed to operate gaming servers from the Netherlands Antilles.

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[1] Translated to English it means "the casino in Monte Carlo." Under U.S. trademark law these phrases cannot be protected as a mark absent proof of secondary meaning. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992).

[2] According to the CIA World Factbook (http://www.cia.gov/cia/publications/factbook/) Monaco is 1.95 sq km which is about three times the size of The Mall in Washington, D.C.

The Petitioners began registering Internet domain names for their licensed gambling operations in 1997 and at the time of the commencement of this action had 150 websites operational. As part of their business plan they chose a number of fully descriptive geographic designations plus the word casino. In this manner the Petitioners' companies sought to build online casinos that were based upon geographic themes. This business model is popular among U.S. land based casinos as evidenced by the Paris Casino, the Venetian Casino and the Monte Carlo casinos of Las Vegas Nevada (unaffiliated with Respondents). To this end Petitioners registered numerous domain names including AmericanCasino.com[3], AsianCasino.com, AustralianCasino.com, BritishCasino.com, CanadianCasino.com, ChinaCasino.com, as well as names incorporating the Monaco gambling theme.

B. Proceedings Below

Respondent established its casino in 1863. During the next 136 years it never objected to any use of similar terms for trademarks[4] yet the 4th Circuit has provided it with U.S. trademark protection superior to that of all the preceding U.S. users. In 2000 Respondent

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[3] It is important to note the Petitioners have never claimed trademark rights to these terms as they are descriptive of the services rendered.

[4] Respondent stipulated to the admission of a Thomson and Thomson trademark search which was commissioned by the Petitioners. That report consists of 336 pages of trademark uses for "Monte Carlo" and "Monaco" used in relation to gaming, including but not limited to the uses by the Monte Carlo Casino of Las Vegas, the Monte Carlo Resorts of Jackson, MS, the Casino Monte Carlo of Rainer, OR, Casino Monte Carlo Inc., of Tacoma, WA, Monte Carlo Entertainment Inc., Kihei, HI, the Monte Carlo of Greenville, SC and four states using Monte Carlo for lotto tickets.

began to secure domain names it coveted through the ICANN[5] arbitration process. Respondent initiated ICANN arbitration to obtain fifty-three of the domain names owned by Petitioners. These names included some which incorporated "Monte Carlo" and "casino (e.g. montecarlocasino.net) as well as other names it desired (e.g. monacogaming.net). The arbitrators awarded all domain names requested to the Respondent.

On January 24, 2001, Petitioners timely appealed the arbitration award by filing the required civil proceeding in the U.S. District Court for the Eastern District of Virginia, seeking a declaration that they had not violated any U.S. trademark rights of Respondent. Respondent answered and counterclaimed for violations of the Anticybersquatting Consumer Protection Act ("ACPA") 15 U.S.C. § 1125(d)(1), violations of the Federal Trademark Dilution Act ("FTDA") 15 U.S.C. § 1125(c), unfair competition under 15 U.S.C. § 1125(a), unfair competition for foreign nationals under 15 U.S.C. § 1126(h), and infringement under Virginia common law. On March 25, 2002 the District Court ruled against Petitioners on the ACPA and unfair competition (15 U.S.C. § 1125(a)) claims, and for Petitioners on the rest of the claims. The District court ordered the transfer of 43 of the domain names at issue to Respondent and over-ruled the arbitrators on 10 of the domain names directing that they remain with the Petitioners. The District Court also ordered injunctive relief, and statutory damages for the benefit of Respondent. The Court specifically ordered that the Petitioners be "...be enjoined from registering and *using* domain names containing the trademark "Casino de Monte Carlo" or its

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[5] For a detailed discussion of the ICANN Uniform Domain-Name Dispute Resolution Policy ("UDRP") arbitration process see *Parisi v. Netlearning, Inc.*, 139 F. Supp. 2d 745, (E.D. Va. 2001).

foreign equivalents *in United States commerce* and from *using* the mark *on the Internet in United States commerce*" (App., *infra*, 84a) (emphasis added).

Petitioners filed a timely notice of appeal to the Court of Appeals for the Fourth Circuit. Respondent did not cross-appeal. On May 19, 2003 a three-judge panel of the Fourth Circuit issued a split decision containing a dissent (App., *infra*, 1a-80). The panel majority held that "in commerce" within the meaning of 15 U.S.C. §1127 requires only that Respondent render services which "substantially affect commerce" in the United States, and that the fact that some U.S. citizens availed themselves of Respondent's gambling services in Monaco, plus the fact that Respondent advertised its gaming services in the U.S. was sufficient "use in commerce." to create U.S. trademark rights for Respondent (App., *infra*, 5a-18a). Judge Motz, in her dissent, pointed out that there has never been a U.S. decision where trademark rights were awarded to a foreigner who simply advertised here and the Court should not set such a precedent. ." (App., *infra*, 47a-80a). Since the decision of the Appeals Court interpreted gambling activities in Monaco to be part of commerce which Congress can lawfully regulate, its decision had the effect of expanding the scope of the District Court injunction to prohibit Petitioners from registering and *using* domain names containing the words "Casino de Monte Carlo" or its foreign equivalents anywhere on the planet (where Americans purchase goods or services), and from using the words "Casino de Monte Carlo" on the Internet anywhere on the planet (where Americans purchase goods or services).

Petitioners respectfully suggest that the Fourth Circuit's holding below creates a split among the circuits, considering prior decisions by the Federal

Circuit and the Second Circuit with respect to the issue of "use in commerce". Trademark jurisprudence holds that the burden of proving secondary meaning is on the party asserting it. Here, however, the Fourth Circuit determined that the burden was established by "copying" of the descriptive words, which in turn established a prima facie case of secondary meaning sufficient to shift the entire burden of persuasion (not merely production) to the Petitioners. While most circuits do not employ a presumption of secondary meaning, others may use the presumption only for trade dress and not for word marks. The Fourth Circuit analysis is unique and creates another clear split among the circuits with respect to the evidentiary burden of proving secondary meaning (or, to use the statutory term, acquired distinctiveness) under the Lanham Act.

REASONS FOR GRANTING THE WRIT

I. THE DECISION BELOW CONFLICTS WITH LONGSTANDING PRECEDENT OF THIS COURT, AND CREATES A WELL-DEFINED AND FUNDAMENTALLY IMPORTANT CONFLICT AMONG THE COURTS OF APPEALS.

A. THE DECISION BELOW CONFLICTS WITH LONGSTANDING PRECEDENT OF THIS COURT AND OTHER CIRCUITS WHICH HAVE LIMITED THE TERRITORIAL SCOPE OF "USE IN COMMERCE" UNDER THE LANHAM ACT.

In relevant part 15 U.S.C. § 1127 reads[6]:

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[6] Senator Hatch commented that he was "...particularly concerned that the former law granted preferential treatment to foreign

> The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce– (2) on services when it is used or displayed in the sale or advertising of services *and* the *services are rendered in commerce*, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.(emphasis added).

15 U.S.C. § 1127 further defines "commerce" as "all commerce which may lawfully be regulated by Congress." The majority panel interpreted the "use in commerce" requirement to have been met in this instance because there was some advertising done by Respondents in the U.S. and while the gambling services at issue were rendered solely in Monaco, some Americans had gambled there. The majority panel reasoned that since Article I of the Constitution provides that, "...Congress shall have Power ... to regulate Commerce with foreign nations, and among the several States, and with the Indian Tribes", that it must therefore have the power to award trademark rights based upon services rendered solely in a foreign nation simply because some undisclosed number of Americans obtained those services there during some undisclosed time period. Without addressing whether or not

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trademark applicants, since they were exempted from the use in commerce requirement. "Under this legislation, all trademark applicants, foreign and domestic, must meet the same application standards." 134 Cong Rec S 16971, S16974.

Congress intended such a broad interpretation with respect to territorial trademarks, the majority panel interpreted the geography of commerce for trademark purposes to be everywhere any American has purchased services. The majority panel has thus ruled that "use in commerce" means use anywhere on the planet that Americans have visited.

Until this case, every court to address the issue has held that use of a foreign trademark in connection with goods and services sold or provided only in a foreign country by a foreign entity does not constitute "use" of the mark in United States commerce sufficient to merit protection under the Lanham Act.

(1) The Decision Below Conflicts with the Supreme Court Decision in *United Drug Co. v. Theodore Rectanus, Co.*, 248 U.S. 90 (1918).

In *United Drug Co. v. Theodore Rectanus*, Co., 248 U.S. 90 (1918) this Court held the adoption of a trade-mark does not project the right of protection in advance of the extension of the trade. (*id.* at 98). The case stands for the proposition that the mark follows the trade geographically and where there is no trade there is no mark. Thus mere advertising alone is not sufficient to gain mark rights rather ownership of a trademark accrues when goods bearing the mark are placed on the market or the services are rendered in conjunction[7] with the advertising. In *Ingenohl v. Olsen & Co.*, 273 U.S. 541, 544 (1927) the Court again acknowledged the geographic basis of marks when it cited *United Drug* and asserted a "...trade-mark started elsewhere would

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[7] Petitioners suggest that "in conjunction" means within the same territory as the advertising.

depend for its protection ... upon the law prevailing in [that country] ... and would confer no rights except by the consent of that law.

The Court in *United Drug* clarified its position by stating "...that wherever the trade goes attended by the use of the mark, the right of the [markholder] ... will be sustained." *Id* at 98. This Court has taken several opportunities to reaffirm the principle – that the trade upon which the trademark is based (i.e. the goods or services to which the mark attaches) must reach those markets in which the trader seeks protection. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 416-17 (1916).

The "use in commerce" requirement of 15 U.S.C. § 1127 simply restates what this Court held long ago in *United Drug*. Use in commerce for service marks arises from the conjunctive association of advertising within the same geography as the rendering of services. The majority panel's interpretation conflicts with *United Drug* to the extent that it disassociates the geography of the services with the geography of the mark. In doing so the majority panel has removed any territorial limitations on the scope of trademarks.

(2) The Decision Below Creates A Well Defined And Fundamentally Important Conflict Between The Fourth Circuit And The Federal And Second Circuits.

Two Courts of Appeals hold that rendering of services or sales of goods solely outside the United States does not meet the "use in commerce" requirement of the Lanham Act, and there is no authority to the contrary. As pointed out by Judge Motz in her dissent,

"'use' and 'nonuse' [of a trademark] mean use and nonuse in the United States. *Imperial Tobacco Limited v. Philip Morris, Inc.*, 899 F.2d 1575, 1579 (Fed. Cir. 1990).

The Federal Circuit in *Person's Co., Ltd. v. Christman*, 900 F.2d 1565, (Fed. Cir. 1990) held that foreign use of a trademark has no effect on U.S. commerce and cannot form the basis for use in the United States. In *Person's* the defendant traveled to Japan and admitted purchasing several clothing items bearing the mark in Japan and returning to the U.S. with them. The defendant then commenced the production and sale of similar products under the PERSON'S mark, in the United Sates. The Japanese company, which unlike Respondent had a U.S. registration, sought to cancel the American's trademark registration. The Federal Circuit denied the Japanese company's request for cancellation holding that such foreign use has no effect on U.S. commerce and cannot form the basis for trademark priority here.

The Federal Circuit has continued to adopt the *Person's* analysis in *Rivard v. Linville*, 133 F.3d 1446 (Fed Cir. 1998), aff'g, 41 U.S.P.Q.2d 1731 (TTAB 1997). In *Rivard* the owner maintained that far-reaching Canadian advertisement that extended into the United States and purchases by a United States clientele of the salon services in Canada, constituted use of his mark in the United States sufficient to merit protection under the Lanham Act. The TTAB specifically rejected the owner's "argument" that "travel of customers from the United States to [his] Canadian salons"[8] meant that those services had been rendered "in commerce" because

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[8] Like the travel of some Americans to Monaco.

"activity outside the United States does not create rights in marks within the United States." *Id.* at 1735-37.

The Second Circuit has also reviewed "use in commerce" and found contrary to the majority panel's decision. In *Buti v. Impressa Perosa S.R.L.*, 139 F.3d 98, (2d Cir. N.Y. 1998) the Court, citing *United Drug* and a lengthy line of TTAB cases in support, held that mere advertising or promotion of a mark in the United States is insufficient to constitute "use" of the mark "in commerce" when the service at issue is rendered solely abroad. In *Buti*, a case presenting facts almost identical to the case at hand, the Second Circuit clearly recognized this understanding of "use" and its grounding in earlier Supreme Court doctrine. See *Buti* at 103 citing *United Drug* at 97). The *Buti* Court explicitly embraced the TTAB rule adopted in *Rivard*, holding that the foreign mark holder's promotional "activities in the United States were insufficient to establish 'use in commerce' of the Fashion Cafe name absent proof that [it] offered any restaurant services in United States commerce." *Id.* at 103-05.

Both the Federal Circuit and the Second Circuit relied on *United Drug* by finding the territorial scope of the mark is based upon the geography where the goods were sold or the services rendered. The new rule of the panel majority removes this long held connection and implicitly asserts the contrary notion that it is the situs of the consumer, not the goods or services which controls the scope of the marks.

B. THE DECISION BELOW, WHICH PRESUMED "SECONDARY MEANING" BASED UPON AN INFERENCE OF "COPYING" A GENERIC OR DESCRIPTIVE TERM CREATES A WELL DEFINED AND FUNDAMENTALLY IMPORTANT CONFLICT BETWEEN THE FOURTH CIRCUIT AND THE SEVENTH, NINTH AND ELEVENTH CIRCUITS.

While some foreign countries allow descriptive marks protection upon mere registration, the U.S. requires proof of secondary meaning. Marks which are used to describe a product, do not inherently identify a particular source, and hence cannot be protected. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992). It is universally accepted that one attempting to assert trademark rights to terms which describe the goods or services rendered, has the burden of proving that mark has acquired secondary meaning and likelihood of confusion. *Yamaha Int'l. Corp. v. Hoshino Gakki Co., Ltd.*, 840 F.2d 1572, 1578-79 (Fed. Cir. 1988); accord 815 *Tonawanda Street Corp. v. Fay's Drug Co., Inc.*, 842 F.2d 643, 647-48 (2d Cir. 1988).

In the proceedings below all agreed that "Casino de Monte Carlo" was fully descriptive of the services that Respondent rendered in Monaco and that it could not become a valid mark without secondary meaning. The District Court Circuit shifted the burden to the Petitioners to prove that the mark *did not* have secondary meaning pursuant to the creation of this presumption in *Larsen v. Terk Techs. Corp.*, 151 F.3d 140, (4th Cir. Md. 1998). *Larsen* held that evidence of intentional, direct copying of descriptive word marks (not trade dress) establishes a prima facie case of secondary meaning sufficient to shift the burden of

persuasion (not merely production) to the defendant on that issue, and such evidence not only shifts the burden of persuasion, but acts as a presumption upon which judgment "must issue" in the absence of rebutting proof.

The Fourth Circuit applies the presumption of secondary meaning to trade dress and is apparently the only circuit to apply this presumption to descriptive word marks. Other circuits refuse to apply any presumption for direct copying, and still others have applied the presumption only to trade dress. The presumption has been applied to trade dress only, in the 6th Circuit (*Ferrari S.P.A. Esercizio Fabriche Automobili E Corse v. Roberts*, 944 F.2d 1235 (6th Cir. 1991)[9]. The Second Circuit does not apply a presumption in any case but holds that the existence of secondary meaning of a mark may be "inferred" from evidence of deliberate copying of that mark, *Harlequin Enter. v. Gulf & Western Corp.*, 644 F.2d 946, (2d Cir. 1981).

The Seventh Circuit does not employ any presumption of secondary meaning where there is deliberate copying. As explained by the Court in *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1183 (7th Cir. 1989) intentional copying is merely one piece of probative evidence of secondary meaning.

The Eleventh Circuit has also directly rejected such a presumption in *Brooks Shoe Manufacturing Co., Inc. v. Suave Shoe Corp.*, 716 F.2d 854, 860 (11th Cir. 1983) where the Court stated:

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[9] There does not appear to be any Sixth Circuit cases which applied the presumption to word marks.

> [Plaintiff] has not cited any cases from this circuit or from the former Fifth Circuit which hold that proof of intentional copying alone eliminates the need for proof of secondary meaning, and we decline to adopt such a rule in this case. ... we cannot agree with [Plaintiff] that proof of intentional copying conclusively establishes that the plaintiff's trademark or trade dress has acquired secondary meaning. *Brooks Shoe* at 860.

The Fourth Circuit *Larsen* decision found its origin in *Audio Fidelity, Inc. v. High Fidelity Recordings, Inc.*, 283 F.2d 551, (9th Cir. 1960) where the presumption was applied to trade dress. The Ninth Circuit has clarified its position and has directly rejected the use of a presumption for secondary meaning where it stated:

> ...our cases recognize that evidence of deliberate copying is relevant to a determination of secondary meaning. (citing *Audio Fidelity, Inc.*). Fuddruckers would have us go further, and hold that evidence of deliberate copying shifts the burden of proof on the issue of secondary meaning. We decline to so hold. *Fuddruckers, Inc. v. Doc's B.R. Others, Inc.*, 826 F.2d 837, 844 (9th Cir. 1987).

The Fourth Circuit analysis of secondary meaning reveals a clear split with the Seventh, Ninth and Eleventh circuits where completely different results would be obtained. The practical effect of the Fourth Circuit's presumption of secondary meaning, as applied to descriptive word marks, is to judicially award

trademark rights and remedies where there may be no mark worthy of protecting, and to promote a monopoly over descriptive words of the English language. Hence, the issue is currently the subject of a palpable and particularly important split among the Circuit Courts, a split which is ripe for resolution.

II. THE FOURTH CIRCUIT'S INTERPRETATION OF THE LANHAM ACT'S OPERATIVE LANGUAGE "USE IN COMMERCE" FRUSTRATES THE PREDICTABLE ACQUISITION OF TRADEMARK RIGHTS ON A TERRITORIAL BASIS WORLDWIDE.

The new rule announced by the majority panel would mean that any entity that uses a foreign mark to advertise and sell its goods or services to United States citizens in a foreign country would be eligible for trademark protection under United States law. The problems associated with such a rule were aptly summed up Judge Motz in her dissent:

> Such a rule threatens to wreak havoc over this country's trademark law and would have a stifling effect on United States commercial interests generally. Before investing in a mark, firms and individuals would be forced to scour the globe to determine when and where American citizens had purchased goods or services from foreign subjects to determine whether there were trademarks involved that might be used against them in a priority contest or in an infringement action in the United States. ... Like some sort of foreign influenza, these new entitlements would accompany American

> travelers on their return home, creating a vast array of new duties for individuals in the United States seeking to use the same or similar marks on goods or services sold in the United States. ... Of course, if the law required us to permit this sort of reverse imperialism, whereby foreign subjects would be allowed to colonize American markets with their foreign trademarks based on sales conducted exclusively abroad, we would have no choice but to allow it. But the law does not compel this. Rather, the majority's new theory is contrary to all extant authority. (App., *infra*, 56a).

The advertising required to meet the "use in commerce" requirement is minimal. See *Allard Enters. v. Advanced Programming Res., Inc.*, 146 F.3d 350, 359 (6th Cir. 1998) where the mark used on at least one fax, on at least one resume, and in numerous other solicitations was sufficient. Presumably any company on the planet, which operates an advertising web site accessible in the U.S., has met this requirement. Under the panel majority's holding, their rendering of services to any Americans in their own country will complete the requirements for use in commerce and these companies will obtain U.S. trademark rights.

The majority panel's decision disconnects the mark form the geography where the services are rendered and from where the advertising occurs. The result of the overbroad interpretation of "use in commerce" will be trademarks that have no limitation geographically. Since the panel majority considers it acceptable that the advertising occur in a different geography than the rendering of services, a business

that advertises in Russia but renders a service to some American in Tuvalu[10] will be deemed to have a U.S. trademark, exacerbating the problem of doing trademark clearance searches for common law marks.

It seems that almost every business on the planet will have U.S. trademark rights which will lead to a flood of oppositions at the United States Patent and Trademark office along with cancellation proceedings and litigation from foreign business who advertise on the Internet and provide services solely within their own country. The uprooting of established U.S. trademarks like the Monte Carlo casino of Las Vegas, will create consumer confusion rather than prevent it.

III. THE FOURTH CIRCUIT'S RULE THAT "COPYING" CREATES A PRESUMPTION THAT A NON-DISTINCTIVE MARK HAS "SECONDARY MEANING" CONFERS EXCLUSIONARY RIGHTS IN DESCRIPTIVE AND GENERIC WORDS.

The Fourth Circuit's judicially created presumption is not appropriate for secondary meaning of descriptive word marks because it would create marks where none really existed and then provide Lanham act protection for non-marks. Professor McCarthy states that it "...certainly is logically impossible for customers to be confused by a designation similar to one which has no trademark significance to them. 2 J. McCarthy, Trademarks and Unfair Competition § 15:20, at p. 15-35 (4th ed. 2001). Trademark significance of descriptive terms is established through secondary meaning. Without secondary meaning there is nothing to protect.

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[10] A country about 0.1 times the size of Washington, DC.

As applied the presumption also violates Federal Rule of Evidence 301 and conflicts with the Supreme Court's opinion in *St. Mary's Honor Ctr. v. Hicks*, 509 U.S. 502, at 503 (1993) in that the Fourth Circuit improperly shifts the ultimate burden of persuasion instead of requiring that it remains at all times with the one asserting the claim. The presumption of *Larson* should have vanished upon the presentation of evidence that rebutted it[11]. As applied by the Fourth Circuit it improperly remained in the case even after evidence has been brought forth to show a lack of secondary meaning evidenced by widespread use by third parties, the failure of Respondent to ever police its mark, generic use by Respondent of their alleged mark, Respondent's pending ITU application, and evidence of legitimate rights by others to use the mark in other countries.

After creating a presumption of secondary meaning the District Court allowed that presumption to bias its view of any other evidence presented by Petitioners and all other legal analyses it employed. The Court looked to *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 124 (4th Cir. 1990) for the evidentiary factors of secondary meaning but upon finding any factors that were neutral it weighed those factors in Respondent's favor. For example the Court found the second Perini factor was neutral because neither party submitted any consumer studies showing a link or lack of a link between the mark "Casino de Monte Carlo" and Respondent's Casino de Monte Carlo. Given that the burden on secondary meaning had shifted to the Petitioners (in the Court's eyes), the absence of such a

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[11] Rule 301 adopts the Thayer view, specifying that a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof. This is also known as the bubble bursting view of presumptions.

study was counted against the Petitioners and in favor of the existence of secondary meaning. So the Court first employed a presumption of secondary meaning, then it used that very presumption to weigh the evidence Petitioners put forth to burst the bubble of that presumption. The Court then continued to use the presumption against Petitioners to presume a likelihood of confusion and thus infringement. Finally the Court used the presumption to taint its bad faith analysis under the ACPA by again weighing neutral factors against the Petitioners. As employed it was really a presumption that the presumption could not be rebutted.

The presumption employed in *Larsen* is not based upon any rationale public policy grounds when used on descriptive word marks. Rather it takes words from the English language and appropriates them for use by one entity. "Casino de Monte Carlo" would not have been elevated to mark status in the Seventh, Ninth, or eleventh Circuits. This disparate treatment will lead to forum shopping for trademark litigation and local as opposed to Federal trademarks law. This Court should provide the circuits, trademark practitioners, and mark holders with the appropriate weight for copying of descriptive terms if indeed any weight should be given so as to bring consistency throughout the Circuits.

IV. OVERBROAD INTERPRETATION OF "USE IN COMMERCE" AND "SECONDARY MEANINING" WILL LEAD TO OVERBROAD REMEDIES.

The overbroad analysis of "use in commerce" in the finding of "secondary meaning" where none exists, creates the clear danger that the remedies employed will consistently be overbroad as evidenced by the equitable remedies ordered by the District Court below.

The District Court was advised that the technology now exists to limit access to domain names based upon geography[12]. Nevertheless, the District Court issued an order transferring the descriptive word domain names to Respondent thus allowing Respondent exclusive worldwide rights in those words for Internet domain names. In addition the Court ordered that Petitioners were "...enjoined from registering and *using in United States commerce* domain names containing the trademark "Casino de Monte Carlo" or its foreign equivalents[13] and from *using the mark in United States commerce on the Internet*" (emphasis added). Since the panel majority defines commerce to include any country where Americans visit, the injunction enjoined Petitioners from using the descriptive words at issue anywhere on the globe (on the Internet) whether such uses are lawful under U.S. law or under foreign law.

Courts must be cognizant of their duty to provide narrow and specific equitable remedies for trademark disputes. The holdings of this Court and Rule 65(d) of the Federal Rules of Civil Procedure require specificity of injunctions to prevent uncertainty and confusion on the part of those faced with injunctive orders. Injunctions must be narrowly tailored to the exact needs of the case and should prohibit only unlawful conduct. *NAACP v. Claiborne Hardware Co.*, 458 U.S. 886, 924 n.67, (1982); *Carroll v. President and Comm'rs of Princess Anne*, 393 U.S. 175, 184, (1968).

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[12] This same technology is used by Las Vegas casinos to develop websites accessible only in Nevada to comport with laws allowing Internet gambling and used by the MGM and Hard Rock casinos in their Isle of Man operations (to restrict U.S. users).

[13] The court ordered the transfer of any domain names that contained the words "casino" and "Monte Carlo", not simply the foreign equivalent which would be "Casino in Monte Carlo."

The Lanham Act demands that injunctive relief be "'no broader than necessary to cure the effects of the harm caused.'" *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, (2d. Cir. 1992); (quoting *Soltex Polymer Corp. v. Fortex Industries, Inc.*, 832 F.2d 1325, at 1329 (2d Cir. 1987). This issue was squarely addressed by the Court in *Sterling Drug v. Bayer AG*, 14 F.3d 733 (2d Cir. 1994). The Court of Appeals remanded the injunction for modification claiming "...not every activity of a foreign corporation with any tendency to create some confusion among American consumers can be prohibited by the extraterritorial reach of a District Court's injunction." Upon remand, the District Court could only grant an extraterritorial injunction carefully crafted to prohibit only those foreign uses of the mark by Bayer AG that were likely to have significant trademark-impairing effects on United States commerce. *Id.* at 747.

In the present case the District Court ordered the transfer of numerous domain names containing the descriptive phrase "Casino of Monte Carlo" to Respondent. The District Court directly considered the evidence indicating that Casino Monte Carlo NV and Casino Monte Carlo Inc. were corporations lawfully formed in their own respective countries. Despite this awareness the court ordered the transfer of the domain names at issue even though these companies could have lawfully used them in their own countries. The scope of the remedies now precludes using the words "casino" and "Monte Carlo", "on the Internet", anywhere on the planet (in the panel's words "U.S. commerce").

Other Courts have consistently exercised restraint in such situations. In *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 939 F. Supp. 1032, 1036-40, 1044-45 (S.D.N.Y. 1996) despite finding a violation of the law the court did not take the domain

name but simply ordered the foreign company to deny access to users in the United States. See *id.* at 1040, 1044-45. For some reason the District court in the case *sub judice* exercised discretion in a similar case acknowledging the impropriety of transferring descriptive domain names as a remedy.

> Nothing in trademark law requires that title to domain names that incorporate trademarks or portions of trademarks be provided to trademark holders. Instead, the law simply prevents others from making use of a company's trademarks in a manner likely to confuse the consuming public. ...As a result, enforcement of the judgment requires Leading Authorities to return the domain names to the appropriate domain name registrar or registrars, at which point the names will be again available on a first-come, first-served basis to any interested takers. *Washington Speakers Bureau, Inc. v. Leading Auths., Inc.*, 49 F. Supp. 2d 496, 498 (E.D. Va. 1999).

Contrary to the District Court's rationale in *Washington Speakers*, it now declares that legitimate trade name users in other countries may not use their real identities on the world wide Internet. The transfer of descriptive domain names to a single entity serves no trademark policy and is improper as it goes far beyond the scope of preventing consumer confusion. It is in reality a worldwide injunction, which awards a worldwide monopoly to the use of these domain names. The broadness of the injunction in the case *sub judice* is absolutely contrary to rulings of the Supreme Court, 15 U.S.C.S. § 1114(1)(a), and Rule 65(d) of the Federal

Rules of Civil Procedure. Trademarks are territorial and the remedies used to enforce this law must therefore have territorial limitations.

CONCLUSION

Both the District Court and the Court of Appeals would no doubt acknowledge the difficulty they had with the issues in this case. The answers are not readily apparent but are plainly important as they affect property rights in Internet domain names and rights to U.S. trademarks. Accordingly, Respondents infringement and ACPA claims were upheld even though the services were not rendered in commerce and the mark at issue had not acquired secondary meaning. The remedy took Internet domain names away from foreign citizens even though they could have limited their use in the U.S. to lawful uses and could have used them lawfully outside the U.S. Respondents were enjoined from acts, which are perfectly legal in the U.S. such as the use of descriptive words in a non-mark fashion. Though the above analysis and remedies are ill-founded, one cannot discount the challenge which the court face when attempting to integrate the worldwide rights appurtenant to Internet domain names and the nature of trademarks, which are territorial. Only this Court can authoritatively face and resolve, once and for all, the quandary that has been created by the issues referenced herein. Accordingly, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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(Footnotes trail the end of each document)

No. 02-1364

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

INTERNATIONAL BANCORP, LLC; INTERNATIONAL SERVICES, INCORPORATED; INTERNATIONAL LOTTERIES, LLC; LAS VEGAS SPORTSBOOK, INCORPORATED; BRITANNIA FINANCE CORPORATION,
Plaintiffs-Appellants,

v.

SOCIETE DES BAINS DE MER ET DU CERCLE DES ETRANGERS A MONACO,
Defendant-Appellee.

December 3, 2002, Argued
May 19, 2003, Decided

COUNSEL: ARGUED: Anthony James DeGidio, Jr., Toledo, Ohio, for Appellants.

George Reynolds Hedges, QUINN, EMANUEL, URQUHART, OLIVER & HEDGES, L.L.P., Los Angeles, California, for Appellee.

ON BRIEF: James W. Pravel, Alexandria, Virginia, for Appellants.

Gregory P. Barbee, QUINN, EMANUEL, URQUHART, OLIVER & HEDGES, L.L.P., Los Angeles, California; Carl J. Nichols, BOIES, SCHILLER & FLEXNER, L.L.P., Washington, D.C., for Appellee.

JUDGES: Before NIEMEYER, LUTTIG, and MOTZ, Circuit Judges. Judge Luttig wrote the majority opinion, in which Judge Niemeyer joined. Judge Motz wrote a dissenting opinion.

OPINIONBY: LUTTIG

OPINION: LUTTIG, Circuit Judge:

Plaintiff companies appeal from the district court's summary judgment that their registration and use of forty-three domain addresses infringe a foreign corporation's rights under the Lanham Act and violate the Anticybersquatting Act, where the foreign corporation advertised its trademark domestically, but only rendered services under it abroad. We conclude that the district court's judgment, although not its reasoning, was correct, and therefore affirm.

I.

Appellee, Societe des Bains de Mer et du Cercle des Etrangers a Monaco ("SBM"), owns and operates historic properties in Monte Carlo, Monaco, including resort and casino facilities. One of its properties, a casino, has operated under the "Casino de Monte Carlo" trademark since 1863. The mark is registered in Monaco, but not in the United States. SBM promotes this casino, along with its other properties, around the world. For 18 years, SBM has promoted its properties from a New York office staffed with four employees. SBM's promotions within the United States, funded with $ 1 million annually, include trade show participation, advertising campaigns, charity partnerships, direct mail solicitation, telephone marketing, and solicitation of media coverage.

Appellants, the plaintiff companies, are five companies formed and controlled by a French national, which operate more than 150 web sites devoted to online gambling. Included in this roster are 53 web sites whose domain addresses incorporate some portion of the term "Casino de Monte Carlo." n1 These web sites, along with the gambling software they employ, also exhibit pictures of the Casino de Monte Carlo's exterior and interior, contain renderings that are strikingly similar to the Casino de Monte Carlo's interior, and make allusion to the geographic location of Monte Carlo, implying that they offer online gambling as an alternative to their Monaco-based casino, though they operate no such facility.

When SBM learned of the plaintiff companies' web sites and their uses of the "Casino de Monte Carlo" mark, it challenged them in the World Intellectual Property Organization (WIPO). A WIPO panel ruled against the plaintiff companies and ordered the transfer of the 53 domain addresses to SBM. To escape this judgment, the plaintiff companies brought suit in federal court against SBM seeking declaratory judgment, pursuant to 28 U.S.C. § 2201(a), that they are entitled to the disputed domain names. SBM counterclaimed under the Lanham Act (15 U.S.C. § 1111 et seq.) for trademark infringement under section 1125(a); n2 trademark dilution under section 1125(c); cybersquatting under section 1125(d)(1); and unfair competition in violation of section 1126(h). The district court ruled against SBM on its section 1125(c) trademark dilution claim, because SBM had not shown actual economic harm, and on its section 1126(h) unfair competition claim. But the court ruled in favor of SBM on its trademark infringement claim and on its cybersquatting claim, awarding SBM $ 51,000 in statutory damages and transfer of 43 of the 53

contested domain addresses. n3 The plaintiff companies now appeal from that adverse judgment.

II.

Although the district court decided this case on motions for summary judgment, factual determinations underlay its ultimate ruling (e.g., findings as to likelihood of confusion and secondary meaning). The plaintiff companies contend that the court exceeded its summary judgment authority by resolving such questions of fact. Two factors present in this case justify the judicial posture taken by the court, however. First, the parties, having prepared for a bench trial, agreed to submit the voluminous record to the court for dispositive decision at the time of the summary judgment motions, see J.A. at 1002-03 (the court: "there is really no reason why the Court should not dispose of this matter on the current record; isn't that right?" Attorney for the plaintiff companies: "I believe that's correct, your Honor." Attorney for SBM: "I think that sounds sensible, your Honor." Attorney for defendant Levy: "That's exactly what I would ask for, your Honor." The court: "All right.").

Secondly, the court's disposition of the case was consistent with the fact that the parties did not contradict one another's proffered facts, but only disputed the inferences that a fact finder would draw from those underlying facts. With the parties' voluntary submission of the record, comprised of only uncontroverted proffers, before it, and being en route to a bench trial anyway, the court properly proceeded to judgment in the case. Cf. Matter of Placid Oil Co., 932 F.2d 394, 398 (5th Cir. 1991) ("It makes little sense to forbid the judge from drawing inferences from the evidence submitted on summary judgment when that

same judge will act as the trier of fact, unless those inferences involve issues of witness credibility or disputed material facts. If a trial on the merits will not enhance the court's ability to draw inferences and conclusions, then a district judge properly should draw his inferences without resort to the expense of trial." (quotations and citations omitted)).

Because the court decided the case on summary judgment motions, we review its legal determinations de novo, see Lone Star Steakhouse & Saloon, Inc. v. Alpha of Virginia, Inc., 43 F.3d 922, 928 (4th Cir. 1995). But since it also engaged in fact-finding to dispose of the matter, we review its findings of fact for clear error. See, e.g., Petro Stopping Centers, L.P. v. James River Petroleum, Inc., 130 F.3d 88, 91-92 (4th Cir. 1997) ("This circuit reviews district court determinations regarding likelihood of confusion under a clearly erroneous standard."); RFE Industries, Inc. v. SPM Corp., 105 F.3d 923, 925 (4th Cir. 1997) ("[The] district court's findings [as to secondary meaning] may be disturbed on appeal only if they are clearly erroneous."). n4

III.

The plaintiff companies first challenge the district court's determination that their use of 43 domain addresses violated 15 U.S.C. § 1125(a) of the Lanham Act, infringing on SBM's trademark. Central to their challenge is the claim that SBM did not have a protectible interest in the "Casino de Monte Carlo" mark, a prerequisite to SBM's ability to claim against the plaintiff companies under the Act. See 15 U.S.C. § 1125(a)(1) (allowing only a person "who believes that he or she is or is likely to be damaged" by the defendant's use of a confusing mark to bring a civil action); see also Lone Star Steakhouse & Saloon, Inc., 43 F.3d at 930

(proving trademark infringement under 15 U.S.C. § 1125(a) requires a plaintiff to prove it has a protectible mark).

This circuit requires that an unregistered trademark satisfy two requirements if its owner is to have a protectible interest in the trademark: The mark must be used in commerce, see 15 U.S.C. § 1051 (only trademarks "used in commerce," or which a person has a bona fide intention to use in commerce, can be registered, signaling Lanham Act protectibility); see also Larsen v. Terk Technologies Corp., 151 F.3d 140, 146 (4th Cir. 1998) ("to receive protection under [1125(a)] a trademark . . . must be "in use" in commerce"), and it must be distinctive, see Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 464 (4th Cir. 1996) (noting that the degree of protection a mark may receive is directly related to its distinctiveness). The plaintiff companies argue that the district court erred in concluding that SBM met these two requirements. We address both arguments in turn.

A.

Both parties have agreed, in their briefs and at oral argument, that the critical question in assessing whether SBM "used its mark in commerce" is whether the services SBM provided under the "Casino de Monte Carlo" mark were rendered in commerce. As shown below, the Lanham Act's plain language makes this conclusion unavoidable and the parties' agreement unsurprising.

We must first contend with a threshold matter, however. This circuit has never directly addressed the scope of the term "commerce" within the Lanham Act. Because of the clarity of the Act's own definition of the term, see 15

U.S.C. § 1127 (defining "commerce" as "all commerce which may lawfully be regulated by Congress"), we now hold that "commerce" under the Act is coterminous with that commerce that Congress may regulate under the Commerce Clause of the United States Constitution. The other circuits to address this question have concluded the same. See, e.g., United We Stand America, Inc. v. United We Stand, America, NY, Inc., 128 F.3d 86, 92-93 (2nd Cir. 1997); Planetary Motion v. Techsplosion, 261 F.3d 1188, 1194 (11th Cir. 2001). Of course, Article I of the Constitution provides that,

> the Congress shall have Power . . . to regulate Commerce with foreign nations, and among the several States, and with the Indian Tribes[.] U.S. Const. art. I, § 8, cl. 3. Consequently, "commerce" under the Lanham Act necessarily includes all the explicitly identified variants of interstate commerce, foreign trade, and Indian commerce.

Understanding commerce under the Act to be coterminous with that commerce Congress may regulate under the Commerce Clause, we turn next to the determination of what constitutes "use in commerce" under the Act. Again we rely on section 1127, which provides, of particular relevance here, a specific definition of that term as it relates to servicemarks, which the "Casino de Monte Carlo" mark unquestionably is:The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be used in commerce –

> (2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than

one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services. 15 U.S.C. § 1127 (emphasis added).

Consistent with this definition of the statutory "use in commerce" requirement, the Supreme Court has said that "there is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. . . . The right to a particular mark grows out of its use, not its mere adoption;" United Drug Co. v. Theodore Rectanus, Co., 248 U.S. 90, 97, 63 L. Ed. 141, 39 S. Ct. 48, 1918 Dec. Comm'r Pat. 369 (1918). Because a mark is used in commerce only if it accompanies services rendered in commerce, i.e., it is employed appurtenant to an established business or trade that is in commerce, "mere advertising" of that mark does not establish its protectibility, though advertising is itself commerce that Congress may regulate.

With these principles in clear view, we proceed to address whether the "Casino de Monte Carlo" mark was used in commerce. In their briefs and before the court below, the parties debate principally whether the activities of SBM's New York office conducted under the "Casino de Monte Carlo" mark constitute services rendered in interstate commerce. SBM, for its part, contends that the office's booking of reservations is a rendered service, and that its maintenance of the office, its advertising in this country, and its promotional web page attach the "Casino de Monte Carlo" mark for sales and advertising purposes to this interstate service, thereby satisfying the "use in commerce" requirement. The plaintiff companies argue, to the contrary, that there is no evidence in the record that the New York office books reservations to the casino, and that, as a

result, the office engages in no activity beyond "mere advertising." They argue further that the casino gambling services are the only established business to which the trademark applies, and that that service, being rendered in Monaco, is not rendered in commerce that Congress may regulate. The district court, accepting SBM's arguments, concluded as follows:It is clear from the undisputed record that SBM's New York office was one of SBM's many international sales offices from which customers could book reservations. Thus, the record shows that in this respect, SBM "services are rendered" in the United States. Int'l Bancorp v. SBM, 192 F. Supp. 2d 467, 479-80 (E.D. Va. 2002) [Summary Judgment].

SBM's argument and the district court's reasoning are in error because the New York-office bookings on which they rely do not relate to the casino in question, but, rather, to SBM's resort facilities. As became evident at oral argument and upon our review of the record, SBM's assertion that the record contains evidence that its New York office booked reservations to the casino is unsubstantiated. The plaintiff companies correctly point out that since the "Casino de Monte Carlo" mark only pertains to the casino and its gambling services, any guest reservations SBM's New York office and web site book for SBM's various resorts, which reservation services the record does disclose, are irrelevant to the analysis. And the other operations of SBM's New York office, at least as they appear in the record, are merely promotional in nature. The Lanham Act and the Supreme Court, as shown above, make clear that a mark's protection may not be based on "mere advertising."

Because SBM presented no record evidence that the New York office did anything other than advertise the

"Casino de Monte Carlo" mark, if its case rested on this alone, the plaintiff companies would have the better of the argument. When they appeared before the court, however, we asked the parties to address themselves to the question of whether the casino services at issue were rendered in foreign trade, and the plaintiff companies conceded that the record contained evidence that United States citizens went to and gambled at the casino. This concession, when taken together with the undisputed fact that the Casino de Monte Carlo is a subject of a foreign nation, makes unavoidable the legal conclusion that foreign trade was present here, and that as such, so also was "commerce" under the Lanham Act.

Since the nineteenth century, it has been well established that the Commerce Clause reaches to foreign trade. And, for the same length of time, the Supreme Court has defined foreign trade as trade between subjects of the United States and subjects of a foreign nation. See In re: Trade-Mark Cases, 100 U.S. 82, 96, 25 L. Ed. 550, 1879 Dec. Comm'r Pat. 619 (1879) ("commerce with foreign nations means commerce between citizens of the United States and citizens and subjects of foreign nations"); see also Henderson v. Mayor of City of New York, 92 U.S. 259, 270, 23 L. Ed. 543 (1875) (same); United States v. Holliday, 70 U.S. 407, 417, 18 L. Ed. 182 (1865) (same). And, of course, commerce does not solely apply "to traffic, to buying and selling, or the interchange of commodities . . . Commerce, undoubtedly, is traffic, but it is something more: it is [commercial] intercourse." Gibbons v. Ogden, 22 U.S. 1, 189, 6 L. Ed. 23 (1824) (C.J. Marshall). Service transactions are clearly commercial intercourse, and by extension can clearly constitute foreign trade. Cf. United States v. American Building Maintenance Indus., 422 U.S. 271, 283, 45 L. Ed. 2d 177, 95 S. Ct. 2150 (1975) (noting that an entity engages in commerce when it is

"directly engaged in the production, distribution, or acquisition of goods or services in interstate commerce") (emphasis added). Thus, while SBM's promotions within the United States do not on their own constitute a use in commerce of the "Casino de Monte Carlo" mark, the mark is nonetheless used in commerce because United States citizens purchase casino services sold by a subject of a foreign nation, which purchases constitute trade with a foreign nation that Congress may regulate under the Commerce Clause. And SBM's promotions "use[ ] or display[ ] [the mark] in the sale or advertising of [these] services . . . rendered in commerce."

At oral argument, the plaintiff companies objected to this straightforward reasoning. They argued first that any trade that United States citizens engaged in at the casino was not subject to regulation by Congress since it did not occur in the United States.COURT: Commerce [i.e., commerce within Congress' regulatory ambit, and thus equally commerce under the Lanham Act] includes services with a foreign country doesn't it?

Appellant: Not unless they're rendered in the United States.

COURT: Unless the Supreme Court has held otherwise?

Appellant: Unless the Supreme Court has held otherwise, of course. Oral Argument, Dec. 3, 2002. In the alternative, they argued that even if Congress could regulate transactions between United States citizens and foreign subjects that occur abroad, the particular transactions at issue here should not be considered foreign trade because the Casino de Monte Carlo was a "playground for the very, very rich," id., and thus did not

have a substantial effect on foreign trade. Both arguments are unavailing.

The plaintiff companies' first argument fails because the locality in which foreign commercial intercourse occurs is of no concern to Congress' power under the Constitution to regulate such commerce. In United States v. Holliday, when examining the extent of Congress' authority over Indian commerce, the Supreme Court noted that under Gibbons v. Ogden the foreign commerce power "must be exercised wherever the subject exists. . . . The locality of the traffic can have nothing to do with the power." Holliday, 70 U.S. at 417-18 (emphasis added). The subject of foreign trade, as the Supreme Court noted in In re: Trademark Cases, Henderson, and Holliday, is defined not by where the trade occurs, but by the characteristics of the parties who engage in the trade, just as the Holliday Court concluded that the subject of Indian commerce is defined not by whether the commerce occurs on Indian territory, but rather by whether the trade brings United States citizens and tribal Indians together as transacting partners. See also United States v. Mazurie, 419 U.S. 544, 554, 42 L. Ed. 2d 706, 95 S. Ct. 710 (1975) ("This Court has repeatedly held that [the Indian commerce clause] affords Congress the power to prohibit or regulate the sale of alcoholic beverages to tribal Indians, wherever situated . . ." (emphasis added)).

Thus it is that Congress has validly enacted laws such as the Trading With the Enemy Act (TWEA), Act of Oct. 6, 1917, ch. 106, 40 Stat. 411, and the International Emergency Economic Powers Act (IEEPA), title II, Pub. L. 95-223, 91 Stat. 1626 et seq., codified at 50 U.S.C. § 1701 et seq., under its authority to regulate foreign commerce and has provided, via those enactments, for the regulation of commercial intercourse between

United States citizens and subjects of foreign nations, see, e.g., United States v. Yoshida International, Inc., 63 C.C.P.A. 15, 526 F.2d 560 (C.C.P.A. 1975) (upholding broad import surcharge on products imported by United States citizens in transactions with Japanese sellers, which regulation was issued by the executive under TWEA's delegation of foreign commerce authority). And more importantly here, thus it is also that these laws extend their regulations to reach commercial intercourse that occurs solely on the foreign sovereign's soil. See, e.g., 31 C.F.R. § 515.560(a)(3) (1977) (prohibiting United States citizens from purchasing merchandise in Cuba with a foreign market value in excess of $ 100). Such embargo authority, encompassing embargoes of commercial intercourse abroad by United States citizens with subjects of foreign nations, has long been recognized to be a valid exercise of Congress' foreign commerce clause power:It has, we believe, been universally admitted, that [the foreign commerce clause] comprehends every species of commercial intercourse between the United States and for eign nations. No sort of trade can be carried on between this country and any other, to which this power does not extend.

Gibbons v. Ogden, 22 U.S. at 193-94.Congress are, by the Constitution, vested with the power to regulate commerce with foreign nations; and however, at periods of high excitement, an application of the terms "to regulate commerce" such as would embrace absolute prohibition may have been questioned, yet, since the passage of the embargo and non-intercourse laws, and the repeated judicial sanctions those statutes have received, it can scarcely, at this day, be open to doubt, that every subject falling within the legitimate sphere of commercial regulation may be partially or wholly excluded . . . Such exclusion cannot be limited to particular classes or descriptions of commercial

subjects; it may embrace manufactures, bullion, coin, or any other thing. The power once conceded, it may operate on any and every subject of commerce to which the legislative direction may apply it. United States v. Marigold, 50 U.S. 560, 566-67, 13 L. Ed. 257 (1850). The Supreme Court's acceptance of this expansive authority confirms that Congress may regulate foreign trade wherever it occurs.

Nor, in modern times, has the Supreme Court ever suggested that Congress' authority over foreign trade is limited in the manner that the plaintiff companies suggest. To the contrary, when it has considered the scope of Congress' authority over foreign trade, the Court has emphasized the expansive nature of that authority. See, e.g., Pfizer, Inc. v. India, 434 U.S. 308, 313 n.11, 54 L. Ed. 2d 563, 98 S. Ct. 584 (1978) ("The Chief Justice's dissent seems to contend that the Sherman Act's reference to commerce with foreign nations was intended only to reach conspiracies affecting goods imported into this county. But the scope of congressional power over foreign commerce has never been so limited . . ." (citations omitted)).

Congress' interest in foreign trade and the Executive's interest in foreign affairs unavoidably intersect, and this intersection can give the mistaken impression that Congress' authority over foreign trade must be limited so as to accommodate the President's authority over foreign affairs. The first interest, that of foreign trade, the Constitution assigns entirely to the legislative authority of Congress. See U.S. Const. art. I, § 8, cl. 3. The second, that of foreign affairs, it assigns jointly to the political branches (i.e., Congress and the Executive). See U.S. Const. art. I, § 8, cl. 1 and 11; id. art. II, § 2. The intersection of these two interests, and the dual allocation of authority over the latter, has long been

noted:If our government should make [restrictions on foreign commerce] the subject of a treaty, there could be no doubt that such a treaty would fall within the power conferred on the President and the Senate by the Constitution. [Foreign com merce] is in fact, in an eminent degree, a subject which concerns our international relations, in regard to which foreign nations ought to be considered and their rights respected, whether the rule be established by treaty or by legislation.

Henderson, 92 U.S. at 273. But no precedent suggests that the intersecting foreign affairs power the Constitution vests in the Executive in any way curtails the foreign trade power the Constitution vests in Congress, and there is thus no rationale for limiting the scope of congressional authority in the realm of foreign commerce to commercial intercourse that occurs solely within the United States. n5

The plaintiff companies' second argument, that the purchase of gambling services by United States citizens at the Casino de Monte Carlo is not commerce because it does not have a substantial effect on the foreign commerce of the United States, also fails. The substantial effects test is not implicated here at all.

The Supreme Court has articulated the substantial effects test to ensure that Congress does not exceed its constitutional authority to regulate interstate commerce by enacting legislation that, rather than regulating interstate commerce, trammels on the rights of states to regulate purely intra-state activity for themselves pursuant to their police power. See United States v. Morrison, 529 U.S. 598, 608-09, 146 L. Ed. 2d 658, 120 S. Ct. 1740 (2000). But while "Congress' power to regulate interstate commerce may be restricted by

considerations of federalism and state sovereignty[,] it has never been suggested that Congress' power to regulate foreign commerce could be so limited." Japan Line Ltd. v. Los Angeles County, 441 U.S. 434, 448 n.13, 60 L. Ed. 2d 336, 99 S. Ct. 1813 (1979).Although the Constitution, Art. I, § 8, cl. 3, grants Congress the power to regulate commerce "with foreign Nations" and "among the several States" in parallel phrases, there is evidence that the Founders intended the scope of the foreign commerce power to be the greater. Id. at 448. The rationale that underlies application of the substantial effects test in the analysis of congressional legislation purporting to regulate interstate commerce is therefore absent from analysis of congressional legislation purporting to regulate foreign commerce.

Furthermore, the substantial effects test only limits Congress' authoritative reach with respect to one of the three broad categories of activity that Congress may regulate under the Commerce Clause.First, Congress may regulate the use of the channels of interstate commerce. . . . Second, Congress is empowered to regulate and protect the instrumentalities of interstate com merce . . . . Finally, Congress' commerce authority includes the power to regulate . . . those activities that substantially affect interstate commerce. Morrison, 529 U.S. at 609 (emphasis added). Consequently, the substantial effects test does not limit Congress' regulation of activity that is itself commercial intercourse occurring interstate; it governs only Congress' regulation of non-commercial intercourse activity that effects interstate commerce.

Here, the regulated activity at issue is itself commercial intercourse (i.e., the trademarks are an instrumentality of commercial intercourse and the provision of the services necessarily involves both channels of and

instrumentalities of that commercial intercourse). And the regulated commercial intercourse involves transactions between United States citizens and the subject of a foreign nation, qualifying the inter course as a literal example of foreign trade. Even were the substantial effects test to govern some instances of congressional regulation of foreign trade, the present case, because it involves only the first two "broad categories of activity that Congress may regulate under its commerce power," id. at 608, and not the third, does not implicate the substantial effects test. n6

The plaintiff companies, seeking to avoid the full import of this foreign trade analysis, ask us to be wary in addressing whether United States trademark protection can extend to services rendered abroad and suggest that other courts have decided this question in the negative with reasoning that should persuade us not to extend trademark protection in this instance. In particular, the plaintiff companies point to the Second Circuit's opinion in Buti v. Perosa, S.R.L., 139 F.3d 98 (2nd Cir. 1998). In Buti, the Second Circuit decided that the ad hoc distribution in the United States of an Italian restaurant's t-shirts, key chains, and cards, by the owner of the restaurant who was also the owner of a modeling agency, to his colleagues in the modeling industry, did not establish that the mark was used in commerce.

Buti is not persuasive authority to us for several reasons, however. First, the Buti court did not analyze the application of the Lanham Act to foreign trade because, as it noted, the plaintiff, in a "pivotal concession[ ], . . . conceded at oral argument that . . . the food and drink services [it sells] form no part of the trade between Italy and the United States." Id. at 103. And in fact, even though the Buti court did not analyze trademark rights created via foreign trade, it did

acknowledge the basis for such. See id. (noting that a key inquiry is "whether [the plaintiff] has conducted the affairs of its Milan Fashion Cafe in such a way as to "substantially affect" United States interstate or foreign commerce, and thereby fall within Congress' authority under the Commerce Clause"). Secondly, even had the Buti plaintiff not explicitly conceded that his business was not foreign trade, it is not clear that the facts before the Buti court would have established that the plaintiff used the mark in that putative foreign trade. As the Second Circuit carefully noted, the restaurant undertook no "formal advertising or public relations campaign [aimed at United States citizens]." Id. at 100.

Here, SBM does not concede that its services do not constitute foreign trade when United States citizens purchase them. Instead, the plaintiff companies concede the very elements we conclude constitute foreign trade. And quite clearly SBM has used the mark in its foreign trade, formally, and at great cost, advertising its services intentionally to United States citizens under the "Casino de Monte Carlo" mark. Because SBM used its mark in the sale and advertising of its gambling services to United States citizens; because its rendering of gambling services to United States citizens constitutes foreign trade; because foreign trade is commerce Congress may lawfully regulate; and because commerce under the Lanham Act comprises all commerce that Congress may lawfully regulate, the services SBM renders under the "Casino de Monte Carlo" mark to citizens of the United States are services rendered in commerce, and the "use in commerce" requirement that the Lanham Act sets forth for the mark's protectibility is satisfied.

B.

The use of an unregistered mark in foreign trade does

not in any way assure its owner that the mark will merit Lanham Act protection; it only makes such protection possible. For an unregistered mark that is used in foreign trade to merit Lanham Act protection, that mark must be distinctive among United States consumers. The plaintiff companies argue that even if the "Casino de Monte Carlo" mark is used in commerce, it is not distinctive because it is merely geographically descriptive, and that since it is not distinctive, it is not protectible.

Though the plaintiff companies correctly argue that the mark is geographically descriptive (i.e., it geographically describes where the casino is located and nothing more), this objection does not foreclose the mark's distinctiveness. Descriptive marks will be deemed distinctive if they achieve secondary meaning. See Perini Corp. v. Perini Construction, Inc., 915 F.2d 121, 125 (4th Cir. 1990) ("Secondary meaning is the consuming public's understanding that the mark, when used in context, refers, not to what the descriptive mark ordinarily describes, but to the particular business that the mark is meant to identify." (emphasis added)). Thus, the relevant question here is whether the district court correctly found that the mark possessed secondary meaning.

The district court employed two distinct analyses to assess the secondary meaning of "Casino de Monte Carlo." The court engaged in traditional Perini analysis, examining a variety of factors – the Perini factors – that we have said are relevant in assessing secondary meaning. Though proof of secondary meaning is a "vigorous evidentiary requirement[ ]," see id., plaintiffs can meet their burden by offering proof including, though not limited to, 1) advertising expenditures; 2) consumer studies linking the mark to a source; 3) sales

success; 4) unsolicited media coverage of the product; 5) attempts to plagiarize the mark; and 6) the length and exclusivity of the mark's use. See id.

The district court, finding that SBM provided proof of substantial advertising expenditures; significant sales success within the United States; substantial unsolicited media coverage of the casino; frequent attempts by others to plagiarize the mark; and a long history of continuous, if not exclusive, use of the mark; concluded that SBM had met its burden. Summary Judgment, 192 F. Supp. 2d at 481-82. Upon our review of the record, we conclude that the court's conclusion as to these points is not clear error.

Furthermore, the district court noted that under our precedent in Larsen v. Terk Technologies, 151 F.3d 140, 148-49 (4th Cir. 1998), SBM met its burden of proving secondary meaning, irrespective of the Perini test, because it had established that the plaintiff companies directly and intentionally copied the "Casino de Monte Carlo" mark. See Summary Judgment, 192 F. Supp. 2d at 481 ("the record leaves no doubt that the plaintiff companies intentionally and directly copied SBM's mark"). Under Larsen, a trademark plaintiff that proves that the defendant directly and intentionally copied its mark is presumed to have proved that mark's secondary meaning, and the defendant must then disprove that presumption. We decided Larsen on the logic of two prior cases, Osem Food Industries Ltd. v. Sherwood Foods, Inc., 917 F.2d 161 (4th Cir. 1990), and M. Kramer Mfg. Co., Inc. v. Andrews, 783 F.2d 421 (4th Cir. 1986), which established that a person who directly and intentionally copies another's trade dress has the burden of refuting a presumption that the trade dress has secondary meaning.

The plaintiff companies argue that applying the presumption to trademarks, as Larsen does, as opposed to trade dress, as Osem and M. Kramer do, is unsupported by policy, violates Fed. R. Evid. 301, and has been rejected by other circuits. None of this, however, diminishes the precedential force that Larsen has on this case. And since the plaintiff companies did not present evidence sufficient to rebut the Larsen presumption, let alone to counter the Perini factors discussed above, the district court's conclusion that the "Casino de Monte Carlo" mark is distinctive, see Summary Judgment, 192 F. Supp. 2d at 482, must be affirmed.

The dissent contends that the district court did not engage in two distinct analyses of secondary meaning, but rather applied the Larsen presumption, and then improperly shifted the burden of proof to the plaintiff companies, in effect requiring them, unfairly, to prove that SBM's mark did not have secondary meaning. The district court did not so merge the analyses, and though it intertwined its two analyses, such was only natural since it was in the posture of the fact finder, and not simply addressing questions of law.

The district court's conclusion that the Larsen presumption applied placed a rebuttal burden on the plaintiff companies. That is, if SBM had offered no proof of secondary meaning whatsoever, SBM would still be due a finding that its mark enjoyed secondary meaning unless the plaintiff companies proffered some evidence, not ultimately persuasive evidence, just some evidence, that the fact finder concluded was probative in disproving secondary meaning. Here, upon looking at the relevant evidence presented by the plaintiff companies, which as one would expect the court did through the lens of the traditional Perini categories, the

district court found that none of that evidence was probative, at any level.

In addition, having evaluated the evidence and found that none of it successfully rebutted the Larsen presumption, the court also noted that SBM's evidence, when evaluated in the applicable Perini categories resulted in findings sufficient to establish secondary meaning. Thus, the court said,

In sum, far from rebutting the [Larsen] presumption of distinctiveness that operates here, the Perini factors, when applied to the facts of this case, actually support that presumption. Summary Judgment, 192 F. Supp. 2d at 482 (emphasis added) .

That the dissent, had it been the fact finder, might have drawn different inferences from the evidence, and so concluded that the Larsen presumption was rebutted, is irrelevant here. The district court was the fact finder, charged with drawing inferences from the evidence; it was that court's responsibility (as it would have been the jury's responsibility had the parties instead opted for a jury trial) to determine whether or not the plaintiff companies' presented any evidence that rebutted the Larsen presumption. The district court quite simply found that none of the evidence presented by the plaintiff companies was probative of a lack of secondary meaning, and on that finding alone, it could have concluded that SBM met the secondary meaning requirement. That the court went on to note that even under the Perini analysis SBM met its burden does not transform its analysis into one that requires the plaintiff companies to carry the ultimate burden.

C.

Because the district court properly concluded, though for the wrong reasons, that the "Casino de Monte Carlo" mark was used in commerce, and because its conclusion that the mark had secondary meaning was not clearly erroneous, the court's determination that the mark was protectible was proper, and it did not err by proceeding to assess whether the plaintiff companies' use of the mark constituted trademark infringement.

D.

The dissent's disagreement with this part of our holding today is based on (1) a conflation of the two critical elements of the "use in commerce" inquiry, see post at 37-38 ("The majority reaches the unprecedented conclusion that an entity's use of its foreign trademarks solely to sell services in a foreign country entitles it to trademark protection under United States law, even though the foreign mark owner has never used or registered its mark in the United States."); (2) two cases decided by the Trademark Trial and Appellate Board ("TTAB"), which cases, like the dissent here, conflate the distinct elements of the two-pronged "use in commerce" requirement, see post at 42-43, 44-45 (citing to Mother's Restaurants, Inc. v. Mother's Other Kitchen, Inc., 218 U.S.P.Q. 1046 (TTAB 1983), and to Linville v. Rivard, 1996 TTAB LEXIS 32, 41 U.S.P.Q.2d 1731 (TTAB 1997) ("Linville II")); and (3) policy arguments. See post at 46. With these grounds as its justification for deciding the matter differently, the dissent labels our application of the straightforward statutory command of the Lanham Act as one that "threatens to wreak havoc over our country's trademark law and would have a stifling effect on United States commercial interests generally,"

see post at 46. We address the dissent's bases for its disagreement seriatim.

But, before we address the dissent's reasoning, we note, we think importantly, that:

(1) The dissent does not disagree with the court's conclusion that the text of the Lanham Act extends protection to marks that meet the statutory requirements for being "used in commerce," provided they also enjoy secondary meaning;

(2) The dissent does not disagree with the court's conclusion that the "use in commerce" requirement entails two distinct elements: a service being rendered in commerce, and a mark for that service being used or displayed in the sale or advertising of that service.

(3) The dissent does not disagree with the conclusion that "commerce" under the Lanham Act is coterminous with commerce that Congress may regulate;

(4) The dissent does not disagree with the court's conclusion that the commerce at issue, the selling by SBM of gambling services to United States citizens abroad, constitutes foreign commerce under Article I of the United States Constitution and so also constitutes commerce under the Lanham Act; and

(5) The dissent does not disagree with the court's conclusion that SBM did intentionally and formally use and display its mark in the sale and advertising of its services in the United States to United States citizens in an effort to spur sales of its services to them.

We believe that these conclusions alone justify our holding that SBM's mark would merit Lanham Act

protection (provided the mark also enjoyed secondary meaning), and absent the dissent's disagreement on these points, we do not understand the statutory basis for its disagreement.

As to the dissent's failings, as we imagine them, first the dissent conflates the two distinct aspects of the statutory "use in commerce" requirement. The distinct elements of the analysis are set out above. See supra p. 7. But in short, section 1127 defines the term "use in commerce" with respect to services as being when a mark is "used or displayed in the sale or advertising of services and the services are rendered in commerce." As a consequence of the conjunctive command, it is not enough for a mark owner simply to render services in foreign commerce for it to be eligible for trademark protection. Nor is it enough for a mark owner simply to use or display a mark in the sale or advertising of services to United States consumers. Both elements are required, and both elements must be distinctly analyzed.

Though the dissent contends that it understands there are two distinct elements to the use in commerce requirement, see post at 37-38, its opinion betrays its claim. It must necessarily conflate the two elements to conclude, as it does, that today we hold "the protection of United States trademark law extends to a mark used exclusively in Monaco," post at 37, for it readily admits that only one of the two elements of use occurred abroad, the rendering of services, and that the other element, SBM's New York City-based brand-building efforts, did indeed occur in the United States.

This case presents a record replete with demonstrations of SBM's singularly impressive commitment to building brand identity in the United States. These efforts constitute, as we explain above, see supra p. 21, a "use

or display in the sale or advertising" of the services that we elsewhere determined were also rendered in commerce. It cannot but be concluded that this use of the mark – that is the building of brand identity among United States consumers – very much occurred in the United States, and indisputably so.

On our understanding of the statutory language it does not follow that since the mark has not been rendered in commerce in the United States it is equally fair to say that the mark has not been used in the United States, when in fact it has been widely used in the United States for advertising and marketing purposes. Unless one conflates these two elements then, one cannot fairly criticize our holding today as protecting a mark "exclusively" used in Moncaco. At most one can criticize us for providing protection to a mark used in both Monaco and the United States.

The dissent's different understanding of the statute and of the two elements it sets out for establishing "use in commerce" is that both elements of "use in commerce" must occur within the geographic borders of the United States, a merging of the contents of the two elements that is not provided for by the statute. The dissent believes it can defend this proposition on the basis that many courts over the years have said that "use" must occur in the United States in order for a mark to merit Lanham Act protection. But, a "use in commerce" whose elements occur, as here, both in the United States and abroad is not exclusive foreign use, and is not controlled by the principles of law upon which the dissent relies. Indeed, that the statute's definition of the term commerce encompasses foreign commerce (thus naturally including some services rendered outside the United States borders) points, in fact, in the opposite direction from the dissent's conclusion.

Yet we reject the dissent's interpretation of "use" not only because the statute does not suggest it, but also because the authorities to which the dissent cites for its rule that " both elements must occur in the United States in order to satisfy the use in commerce requirement" do not yield the precise formulation that the dissent suggests they do. While these cases support the general contention that "use" must be in the United States, they do not support the very different conclusion that both distinct elements of the statutory "use in commerce" definition for servicemarks must occur within the United States. Rather, these authorities, employing the term "use" in loose and often varying ways, have either not drawn the distinction between the two elements of use that are required in the statutory analysis of servicemarks, or have drawn the distinction but then have not stated that both elements of a servicemark's use must occur within the geographic confines of the United States.

Indeed, of the many cases the dissent cites, only two provide the support it seeks. Both of those cases decided by the TTAB, Mother's Restaurant, Inc. and Linville II, are unpersuasive authority to us because of their failure properly to distinguish analytically between the two distinct elements of the "use in commerce" requirement, and between the distinct content of those elements. But before we reject the reasoning of those two cases, we first owe the dissent a run-down on the other cases it presents as contrary precedent to our decision today.

The dissent suggests that the Federal Circuit opposes our rule. In particular, it points to Person's Co. Ltd. v. Christman, 900 F.2d 1565 (Fed. Cir. 1990). In Person's, however, the court faced the question of whether a Japanese manufacturer of clothes that had sold its

clothes in Japan, and had never used or displayed its mark to advertise or sell its products in the United States, could establish priority of use in the mark based on its Japanese operations. Though the record did disclose a single occurrence when a United States citizen purchased goods in Japan from the company, thus arguably meeting the commerce requirement, no evidence whatsoever was proffered that the company had in any way used or displayed its mark to advertise or sell its product to United States consumers. Thus it was that only "foreign use" (i.e., the foreign advertising of its product to foreign consumers) of the mark existed. n7 Of course, the court's rejection of such foreign use in no way reflects upon the case before us today where SBM did use and display its mark to advertise or sell its services in the United States to United States consumers. n8

The dissent also points to Imperial Tobacco Limited v. Philip Morris, Inc., 899 F.2d 1575 (Fed. Cir. 1990), as its justification. But, just a glance at the first paragraph in the first section of that opinion tips off the careful reader that that court too understood that varied forms of commerce could support trademark protection:No use of the mark in commerce in or with the United States was alleged. Id. at 1577 (emphasis added). By this factual notation, the court made clear, albeit by implication, that commerce in the United States is not the only commerce that can satisfy the Act, but that commerce with the United States is also implicated.

The analysis that follows then confirms that the court was not there crafting a rule requiring both elements of "use in commerce" to occur in the United States. The court faced a claim by a United Kingdom mark owner that it had not abandoned its mark's United States registration (obtained under the Lanham Act's provision

allowing registration of foreign marks employed exclusively in foreign use). The mark owner claimed that either its intent to employ the mark in exclusively United States use (i.e., its claimed intent to sell goods in the United States to United States citizens), or its existent exclusively foreign use (i.e., its selling and advertising of goods to foreigners in foreign lands) could satisfy the Act's ongoing use in commerce requirement. Faced with these two claimed uses, the court said, "the terms 'use' and 'nonuse' mean use and nonuse in the United States[,]" id. at 1579, thus holding that the exclusively foreign use the mark owner relied on could not satisfy the Act, and proceeding only to inquire whether the claimed intent to employ the mark in exclusively domestic use had been established.

Imperial Tobacco's "use in the United States" principle, then, presents a distinction between two particular types of uses: one exclusively domestic, one exclusively foreign. And, just as with Person's, the "use" (exclusively foreign) that Imperial Tobacco determined cannot support protection is different from the use at issue here, where the mark is both used in advertising and displays in the United States and attached to services rendered in qualifying commerce overseas.

The dissent also argues that the appeal of the TTAB's decision in Linville II, Rivard v. Linville, 133 F.3d 1446 (Fed. Cir. 1998) (Rivard II), qualifies as relevant Federal Circuit precedent on this issue. However, such is not the case. The circuit court's holding in that case, however, can only be understood after explication of the case's procedural history.

First, the TTAB, in Linville v. Rivard, 1993 TTAB LEXIS 5, 26 U.S.P.Q.2d 1508 (TTAB 1993) (Linville I), addressed a petition to cancel a mark owner's

registration on summary judgment. As in Imperial Tobacco, the mark owner acquired Lanham Act registration by relying on the Act's pro vision for registration of foreign marks. The mark owner was Canadian and used the mark on his Canadian beauty salons. He also engaged in some advertising to United States consumers, and had some United States clientele. The Board concluded that these facts did not constitute use in commerce because the alleged qualifying commerce at issue (selling to United States consumers) was not qualifying commerce.

On appeal to the Federal Circuit, the court, in an unpublished decision, agreed with the Board's conclusion that use in commerce had not been established, but not on the basis of the Board's decision, and in fact without any consideration of whether selling to United States consumers constituted qualifying commerce, or whether use in commerce was established when such was combined with a use in United States advertising. Instead, assuming that exclusively Canadian use was at issue, the court relied entirely on its holding from Imperial Tobacco. See Rivard v. Linville, 11 F.3d 1074, 1993 WL 472795 at 2 (Rivard I). That the court never considered the mark owner's claim that his servicing of United States consumers and his United States advertising constituted use in commerce is made apparent by the fact that the court nowhere mentions those facts.

Despite agreeing with the Board's ultimate disposition of the use in commerce question, the court vacated and remanded the Board's decision on other grounds. On remand, in Linville II, the Board reiterated its exact Linville I holding as to the use in commerce issue. That is, it again concluded that the sale of services to United States consumers was not qualifying commerce.

Following Linville II appeal was again taken, and Rivard II, the case on which the dissent relies, resulted. In that decision, the circuit court affirmed the judgment of the Board as to the use in commerce question, but again, not on the Board's reasoning and without any consideration of whether servicing United States consumers constituted qualifying commerce. Instead, the court omitted the relevant facts (again) and solely relied on its prior unpublished opinion. n9 Thus, the Federal Circuit in Rivard II only reiterated its holding from Rivard I (unpublished) and thus likewise only reiterated the principle from Imperial Tobacco, which principle, as we demonstrate above, is inapplicable to the case before us today.

The dissent would also rely on Fifth Circuit precedent to overcome our reasoning. That decision, Fuji Photo Film Co., Inc. v. Shinohara, 754 F.2d 591 (5th Cir. 1985) , has no bearing here for the same reasons as we rejected Person's. Fuji involved two Japanese companies, formed in 1919 and 1934, respectively. Both manufactured and sold products within Japan. Beginning in 1967 and 1954, respectively, the two companies sold their products in the United States. The Fuji court said that the companies' Japan operations – that is, their manufacturing and selling products to Japanese locals as they had been doing for generations – did not figure into the trademark analysis. Just as in Person's, such foreign use (i.e., non-qualifying commerce and the foreign use and display of the mark to advertise and sell products to foreign consumers) is not what is before us today.

The dissent would also have it that we are now in conflict with the Second Circuit on this issue as well. For the reasons given above, we reject the dissent's contentions as to Buti. See supra pp. 15-16. But so, too,

do we reject the dissent's claim that La Societe Anonyme des Parfums le Galion v. Jean Patou, Inc., 495 F.2d 1265 (2nd Cir. 1974), bears on this case. In that case, the court faced a trademark claim by a foreign perfume manufacturer against a domestic perfume manufacturer. The plaintiff initially asked the court to rule that it had United States trademark rights in its mark, which it had attached to products it manufactured abroad, had advertised abroad to foreigners, and had sold abroad to foreigners. The court found that such foreign use (i.e., again, non-qualifying commerce and foreign use and display of the mark to advertise and sell the product to foreign consumers) could not create trademark rights in the plaintiff. Again, such foreign use is not what is at issue today. n10

Closer to home, the dissent suggests that a Fourth Circuit case on trade dress, CBS, Inc. v. Logical Games, 719 F.2d 1237 (4th Cir. 1983), though not controlling, ought provide parallel reasoning by which we should abide. Not only does that case not support the dissent's position, but explicit language within it in fact points toward our decision today. That case involved a trademark infringement suit by the distributor of Rubik's Cube, against a former distributor of the product who sold his copied version under the trademark, Magic Cube. The court rejected the defendant's claim that, based on the third-party manufacturer's foreign production of and foreign sale to foreign consumers of the product, he somehow was due trade dress rights in the product, accruing at the time that he imported the product into the United States. Such foreign use by the third-party, foreign manufacturer could not lead to trade dress rights, the court said. Id. at 1239. Again, such "foreign use" is not what is at stake here.

Perhaps more illuminating from the CBS decision is the following language the dissent chooses not to highlight, which language seems in fact to portend something akin to the very case before us today:Factual situations can be imagined in which extensive – especially reiterated – purchase abroad and marketing in the United States might operate to create in the American importer trade dress rights in the United States for a format employed elsewhere by the foreign manufacturer. Id.

The dissent would also rely on a long-line of decisions from the TTAB, to which, the dissent says, proper deference would result in our adoption of its suggested disposition. However, as noted above, only two of the cases cited are on point. The remainder are inapposite for much the same reason as the circuit court cases discussed above are inapposite. n11

Thus we are left with only two TTAB cases remaining from those proposed by the dissent that actually bear on the issue before us today. We recognize that those cases, Rivard and Mother's Restaurant, Inc., are due "great weight" from us. See post at 42. But great weight certainly does not mean obeisance, and it does not even mean deference, particularly in the face of overwhelmingly clear statutory language that leads us to a contrary conclusion. And that there is no other precedent to support these two decisions by the TTAB simply confirms all the more our decision to reject its reasoning.

In Linville II, the Board considered whether a Canadian beauty salon that solely operated Canadian facilities, engaged in certain Canadian advertising that reached across the border into the United States, had distributed promotional materials at a single county fair in the United States, and had at times serviced United States

customers, had "used" its mark under the terms of the Lanham Act. See Linville II, 41 U.S.P.Q.2d at 1735-36. Faced with these facts, the Board concluded that qualifying commerce was not present, and so denied the mark any protection. In its opinion, the Board reincorporated its initial analysis in Linville I. See Linville II, 41 U.S.P.Q.2d at 1736 ("For the reasons set forth by the Board in the summary judgment decision, we find that the above activities neither individually nor collectively constituted use of the ULTRACUTS mark in commerce[.]"). n12

The Linville I opinion moves seamlessly between its rejection of the presence of qualifying commerce, to a rejection of "use" of the mark based on that lack of qualifying commerce, thus conflating the two inquiries and giving its opinion the superficial appearance of having rejected a claim similar to that at issue here. We reject respondent's argument that, through its advertising, he has used the mark ULTRACUTS in the United States continuously since 1986. Although the definition of use in commerce in the statute refers to a mark being "used or displayed in the sale or advertising of services," the definition continues with the requirement that[:"]the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.["] Respondent also argues that his services are rendered in commerce because of the effect on commerce which is created by his business, i.e., customers must travel from the United States to Canada in order to obtain his services, and therefore the customers travel in commerce. . . . [The cases respondent cites] in support of his position . . . involved services which were actually rendered in the United States, i.e., a restaurant located

in Tennessee and a hotel in New York which attracted interstate travelers. Those fact situations were manifestly different from that presented here, where during the relevant time period respondent's hair salons were located only in Canada.

The mere fact that residents of the United States have availed themselves of respondent's services while in Canada does not constitute technical trademark use of respondent's service mark which is sufficient to obtain or maintain a registration in the United States. 26 U.S.P.Q.2d at 1512 (emphasis added).

Having determined that no qualifying commerce was present, the Board did not reject a position similar to that present here. And regardless of whether we approve or disapprove of the Board's Commerce Clause analysis, it is readily apparent that their holding, rejecting trademark protection where no qualifying commerce is present, comports with ours.

In Mother's Restaurants, the Board considered whether a Canadian restaurant that engaged in "advertising and promotional efforts directed to Americans entering Canada from the United States along tourist routes," had, by that advertising, created Lanham Act rights under that mark. The Board, relying fully on a decision of the District Court for the Western District of New York, said:We decline to hold that opposer's promotional activities in Canada regarding "MOTHER'S" and "MOTHER'S PIZZA PARLOUR & SPAGHETTI HOUSE" prior to 1976 resulted in superior rights in said marks in the United States so as to preclude applicant from registering a confusingly similar mark. Rather, it is our view that prior use and advertising of a mark in connection with goods and services marketed in a foreign country (whether said advertising occurs inside

or outside the United States) creates no priority rights in said mark in the United States as against one who, in good faith, has adopted the same or similar mark for the same or similar goods or services in the United States prior to foreigner's first use of the mark on goods or services sold and/or offered in the United States. . ., at least unless it can be shown that the foreign party's mark was, at the time of the adoption and first use of a similar mark by the first user in the United States, a "famous" mark[.] Id. at 1048.

We are unpersuaded that this conclusory determination should govern our analysis. Most importantly, the Board never addressed the question of whether commerce that Congress could regulate was at issue. While it appears that such was the case from the factual description provided, the Board suggests that the only relevant question was whether "promotional activities in Canada" could create a right in a mark. By this formulation of the Lanham Act standard, the Board seems, like the dissent, to conflate the "commerce" element of the "use in commerce" requirement with the "use or display of the mark" element of that same requirement.

The conflation becomes most apparent in the Board's next declaration that such Canadian (or even it says, United States) promotions attached to Canadian trade "create[ ] no priority rights in said mark in the United States." Id. It thus appears that the Board, while first measuring the mark owner's "use" of the mark by promotional activity, then measures it by whether it is attached to interstate commerce, never pausing to inquire as to the subtleties of the qualifying commerce requirement. Compare id. ("We decline to hold that opposer's promotional activities in Canada . . . resulted in superior rights[.]"), with id. ("Advertising of a mark[, wherever occurring,] in connection with goods and

services marketed in a foreign country . . . creates no priority rights in said mark in the United States [.]").

In contrast, the proper inquiry in such circumstances is to evaluate first whether the commerce to which both parties claim their mark is attached may be regulated by Congress, and then to evaluate at what point in time the mark owners' began to use or display the mark in the advertising and sale of those qualifying services to the qualifying consumers. Our disagreement with the Board's analytical approach in Mother's Restaurant convinces us that our circuit's law will be better served if we hew to the language of the statute and apply the Lanham Act with a careful eye toward, and an appreciation of, the two distinct elements of the "use in commerce" requirement.

Indeed, that it is not enough for a mark owner to engage in qualifying commerce to create rights in his mark, and that it is not enough for a mark owner to use or display the mark in the advertising or sale of services to create rights in his mark, is critical. This point cannot be missed else the holding we reach today will indeed be distorted, as the dissent's misreading of it illustrates. n13 Rather, a mark owner must both engage in qualifying commerce and use or display its mark in the sale or advertising of these services to the consumers that engage in that qualifying commerce. Of course, such was not found by the circuit courts or the Board to be the case in any of the decisions the dissent cites. While Rivard and Mother's Restaurant may have presented such facts, the Board in Rivard explicitly disclaimed that foreign commerce was present, and in Mother's Restaurant it did not inquire into these distinct elements so that we could even say with confidence that there the two distinct elements of the "use in commerce" requirement were, or were not, in fact met.

As to the dissent's last principal basis for its objection to our holding today, it is one of policy. The dissent fears that we are undoing all of the good of our country's trademark laws. See post at 45-46. We do concede that policy is not our forte. But, we cannot help but note that since avoidance of consumer confusion is the ultimate end of all trademark law, this case presents a paradigmatic situation in which we may see our laws working, as intended, to reduce consumer confusion.

Indeed, the very fact that the Board in Mother's Restaurant would acknowledge that foreign trademarks deemed "famous" can, with neither a demonstrated connection to qualifying commerce nor a demonstrated use or display of the mark in order to advertise or sell services in such qualifying commerce, enjoy Lanham Act protection, see Mother's Restaurant, 218 U.S.P.Q. at 1048, illustrates the very real interest that our trademark laws have in minimizing consumer confusion, so that our economy may enjoy the greatest possible of efficiencies and confirms that trademarks developed overseas can themselves lead to such undesirable and inefficient consumer confusion here at home.

Ultimately, though, if SBM's mark merits protection under the statute, we must provide it to them. n14 We do not know that this is "reverse imperialism," see post at 46, but we do know that the law requires that we permit mark owners like SBM to petition our courts for protection. And we know as well that if such owners, upon their petition, can demonstrate that they meet the requirements of the statute, that they are then entitled to protection, and that it is beyond us to refuse it to them.

IV.

Having determined that the district court properly ruled

that SBM's mark was protectible under the Lanham Act, we turn next to review its conclusion that its mark was infringed by the plaintiff companies' activity.

To prove infringement of a protectible trademark, a trademark owner must demonstrate that the infringer's use of the mark is likely to cause consumer confusion. See Lone Star Steakhouse & Saloon, Inc., 43 F.3d at 930. On the record before us we cannot conclude that the district court committed clear error in determining that the plaintiff companies' use of the mark would cause consumer confusion. The domain addresses in question, their use of pictures and renderings of the actual Casino de Monte Carlo, and the web sites implying that they provided online gambling as an alternative to their non-existent Monte Carlo-based casino all support the conclusion that ordinary consumers would be confused. The district court's grant of summary judgment to SBM for trademark infringement under § 1125(a) was therefore justified.

V.

The plaintiff companies lastly argue that the district court's injunctive remedy, ordering transfer of 43 domain names to SBM, was overbroad and vague, and that less burdensome remedies were available. But the injunctive order was proper under § 1125(d)(1), the anticybersquatting provision that the court concluded the plaintiff companies had violated, since that provision expressly provides domain name transfer as remedy. The plaintiff companies do not challenge the district court's determination under § 1125(d)(1), other than by their objection that the "Casino de Monte Carlo" mark is not protectible, which contention we reject above. In light of SBM's protectible interest in the mark, and the plaintiff companies' failure to challenge the

judgment under § 1125(d)(1) on other grounds, we conclude that the court's provision of injunctive remedy was proper.

CONCLUSION

For the reasons provided herein, the judgment of the district court is affirmed.

AFFIRMED

DISSENT BY: DIANA GRIBBON MOTZ

FOOTNOTES

n1 E.g., casinodemontecarlo.com, casinodemontecarlo.net, casinomontecarlo.com, casinomontecarlo.net, casinomontecarlo.org, and casino-montecarlo.net.

n2 SBM actually styled its section 1125(a) counterclaim as an unfair competition suit. See J.A. at 64. The district court, although recognizing it as such at the outset of its opinion, treated the counterclaim throughout as a trademark infringement claim. Because the tests for trademark infringement and unfair competition under section 1125(a) are identical, we adopt the district court's usage and refer to this claim as a trademark infringement claim.

n3 SBM also alleged Virginia common law trademark infringement, but the district court deemed it unnecessary to address this claim because federal law provided adequate relief.

n4 Though the dissent initially notes the two bases on which we conclude that the district court properly

decided this case upon the submission of the record, it only takes issue with the first, that the parties intended their submission to allow the court to reach dispositive judgment. See post at 54-58. Yet, the strength of our second rationale is only made more clear by the dissent's own analysis.

In discussing the factual findings the district court made, the dissent says repeatedly that "a fact-finder could well infer" differently. See post at 61. But, of course, that misses the whole point. The court, by the agreement of the parties (who agreed to a bench trial), was the fact finder. And all of the factual issues decided, were issues resolved by inference of the fact finder from undisputed facts. With no dispute as to the facts present, it was not improper for the court, here the fact finder, to make its findings at this point in the proceedings.

n5 United States courts may lack jurisdiction under which to enforce legislation Congress promulgates concerning trade that occurs on foreign soil between United States citizens and foreign subjects, particularly against those foreign subjects, but this inability to secure jurisdictional authority creates only a practical shortcoming with such legislation, making it perhaps less effective a manner to regulate foreign trade than treaty or convention. Though "in the case of foreign commerce the national government might act through a treaty," Bob-Lo Excursion Co. v. Michigan, 333 U.S. 28, 42, 92 L. Ed. 455, 68 S. Ct. 358 (1948) (Douglas, J., dissenting), Congress' authority under Article I of the Constitution remains whole and undiminished.

n6 Insofar as the plaintiff companies are instead relying on their "substantial effects" argument not to challenge the determination that the activity at issue constitutes foreign trade, but to challenge the court's exercise of

jurisdiction over them with regards to their extraterritorial conduct, see Steele v. Bulova Watch Co., 344 U.S. 280, 97 L. Ed. 319, 73 S. Ct. 252, 1953 Dec. Comm'r Pat. 424 (1952), their objection fails. Both they and SBM submitted to the federal court's exercise of in personam jurisdiction over them. They cannot now challenge its exercise of such.

n7 As will quickly be seen in the analysis that follows, courts have long loosely used the term "foreign use." Sometimes the term signals that the commerce at issue does not qualify as commerce that Congress may regulate, and that thus there is only "foreign use." Sometimes the term signals that, though qualifying commerce is present, the mark owner has not used or displayed the mark in advertising and sales efforts directed at United States consumers, and thus that there is only "foreign use." And sometimes, the term signals that neither qualifying commerce, nor qualifying use or display in advertising or sales, is present, and thus that there is only "foreign use."

Of equal importance, the Lanham Act provides different statutory definitions of use for marks attached to goods and services. Thus, the term "use" when used in the context of a case involving goods bears one meaning, and, when used in the context of a case involving services, bears another.

To the extent that this prior imprecision underlies the dissent's reasoning, its approach to the question is somewhat understandable. However, after today, such imprecision can no longer, in this circuit, cause improper decision of these difficult cases.

n8 The dissent suggests that our distinguishing of Person must be wrong because application of our rule to the facts of the Person case would result in a different

outcome than the Federal Circuit reached in that case. See post at 48. That is not correct. The statutory provision we apply today is directed solely and specifically to services and to evaluating what constitutes use in commerce for servicemarks. We would not apply our interpretation of the statutory provisions addressing services to a case involving goods. We only examine Person, and the other cases we address that involve goods instead of services, in order to demonstrate that the dissent's importation of language about "foreign use" from those cases into the case at bar does not result, when applied within the services construct, to the absurd results that the dissent suggests it would.

n9 "Linville established a prima facie case that Rivard abandoned the ULTRACUTS mark because he did not use it in connection with hair dressing and beauty salon services in the United States during the relevant time period. LegalSource v. Source Servs. Corp., 31 U.S.P.Q.2d 1220." 133 F.3d at 1449.

n10 The dissent would also have it that The Morningside Group Limited v. Morningside Capital Group, LLC, 182 F.3d 133 (2nd Cir. 1999), supports its position. However, that case did not involve anything like the case before us. It involved services provided in the United States, and so the court distinguished it from Buti with the language the dissent cites. We whole-heartedly agree with the principle enunciated by that court in its distinguishing of Buti, particularly with its statement of the governing principal: "Mere advertising and promotion of a mark in this country are not enough to constitute "use" of the mark "in commerce," so as to bring the activity within the scope of the Lanham Act." The whole point, of course, is that with respect to services, further inquiry must be made as to whether

such use (advertising and promotion in the United States) is conjoined with qualifying commerce. Thus, ultimately in Morningside Group, the court did provide the mark owner with Lanham Act protection.

n11 In Techex, Ltd. v. Dvorkovitz, 220 U.S.P.Q. 81 (TTAB 1983), the Board considered whether a British company that "resells the equipment [it purchases from an American company] to its European customers and provides warranty services to them," and that only intentionally advertises to those European consumers, had United States trademarks rights as a result of that "foreign use." The board said no. Once more, a different foreign use was at issue than is at issue today.

In Stagecoach Properties, Inc. v. Wells Fargo & Co., 199 U.S.P.Q. 341 (TTAB 1978), the Board considered whether a domestic company that owned a mark, but had not at all used it to advertise or identify resorts it operated in Mexico, had Lanham Act trademark rights in that mark as a result of the fact that its resorts engaged in qualifying foreign commerce. The Board, wisely we think, said no. In reaching its decision it said, "There is [ ] no evidence to show that the Colorado company used a design of a stagecoach, in any form, as a sign or mark to identify its services at [its Mexican resorts]." Id. at 349 (emphasis added). Thus, the Board rejected the contention that the mark was used or displayed in the advertising or sale of those services to United States consumers. The Board did go on in the next sentence as follows: "In addition, applicant's argument ignores the fundamental rule that activity outside of the United States is ineffective to create rights in marks in the United States." But we do not think that this latter statement can be understood, as the dissent would have it, to be a considered holding that where a United States firm sells its foreign resort services to United States

consumers and advertises its services to those United States consumers under the mark, that such a mark would merit no Lanham Act protection. Yet, this is indeed the result to which the dissent's reasoning tends. Given the immediately preceding sentence, we read this language to say simply what all the other courts in the cases we have been reviewing thus far have said: that "foreign use" of marks as so understood (that is as foreign sale and/or foreign marketing to foreigners) does not establish Lanham Act protection.

In Oland's Breweries v. Miller Brewing Co., 189 U.S.P.Q. 481 (TTAB 1976), the Board dealt with a case in which it explicitly found there was no foreign commerce (i.e., that commerce that Congress may regulate). See id. at 488 ("The record shows that opposer has not sold any beer under the mark "SCHOONER" in commerce which may lawfully be regulated by Congress[.]"). Based on this lacking ingredient to Lanham Act protection, the Board found that the mark had been abandoned. Then, and only then, did the Board inquire as to whether advertising the mark owner had done in the United States was evidence of an intent not to abandon the mark. Thus, it is not a case, as the dissent would have it, where the presence of foreign commerce, and associated United States-based advertising was not sufficient to justify trademark protection. Instead, the mark was abandoned because there was simply no commerce at all.

Lastly, in Sterling Drug, Inc. v. Knoll A.G. Chemische Fabriken, 159 U.S.P.Q. 628 (TTAB 1968), the Board considered whether a German pharmaceutical manufacturer had Lanham Act rights to its mark in the United States where the manufacturer had not advertised in the United States or to United States consumers, though some United States consumers had

been treated with the pharmaceutical in Germany. Again, the obvious element that is missing here is the use and display of the mark to advertise or sell the product to United States consumers engaging in qualifying foreign commerce. See id. at 630 ("Though German publications containing applicant's advertisements of "TALUSIN" or references to that mark were received in the United States, there is no indication in the record that these publications obtained such circulation in the United States as to make the relevant public for applicant's goods, physicians and pharmacists, aware of applicant's use of "TALUSIN." In other words, the advertising in a foreign publication which may occasionally be found in some library in the United States does not create protectible rights in the advertised mark in the United States." (emphasis added)). That the Board would in this case, as in so many others, note that such "foreign use" (i.e., here, the foreign marketing to foreign consumers) is not sufficient to establish Lanham Act rights is entirely unobjectionable in our eyes, and again deals with different "foreign use" than that which is at issue here.

n12 The Board in Linville II proceeded to reiterate nearly verbatim its reasoning from Linville I. We analyze the language from Linville I on which the Board relies, though the same conclusions apply to its duplicative reasoning in Linville II.

n13 See post at 39 ("The majority determines that [SBM's casino] services 'constitute trade with a foreign nation that Congress may regulate under the Commerce Clause.'" Based on this determination, the majority accords SBM, the holder of the foreign mark, "Casino de Monte Carlo," eligibility for trademark protection[.]"). Of course, that SBM's service are qualifying commerce did not terminate our analysis of whether SBM had used its

mark in commerce. The second step was to adjudge whether SBM's massive advertising campaign in the United States, directed to United States consumers and intended to spur the qualifying commerce that is in question, constituted a use or display of the mark in the advertising of SBM's qualifying services.

n14 The dissent also implies that since SBM could register its mark in the United States, we should not be overly concerned with providing them the right of Lanham Act protection we today provide them. See post at 43-44. That fact is, in our minds, as irrelevant here as it would be in a case involving a domestic manufacturer who, having sold products in interstate commerce under an unregistered mark, sought the protection of the Lanham Act from an infringer.

It is inconceivable that courts would interpret the Lanham Act to punish such mark owners for failing to register their mark where their mark otherwise meets the statutory requirements for protection. Here, as much, it is inconceivable that SBM's registration status should affect our analysis of whether or not its mark qualifies for protection under the plain text of the statute.

DISSENT: DIANA GRIBBON MOTZ, Circuit Judge, dissenting:

The majority reaches the unprecedented conclusion that an entity's use of its foreign trademark solely to sell services in a foreign country entitles it to trademark protection under United States law, even though the foreign mark holder has never used or registered its mark in the United States. In my view, the majority errs in holding that the protection of United States trademark law extends to a mark used exclusively in

Monaco by a company incorporated there. For this reason and others set forth within, I respectfully dissent.

I.

Under United States law, the holder of an unregistered mark must demonstrate "use in commerce" of that mark in order to be eligible for trademark protection. The Lanham Act provides that "[a] mark shall be deemed to be in use in commerce . . . on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce." 15 U.S.C.A. § 1127 (West Supp. 2003). Thus, there are two essential elements that must be present to constitute "use in commerce" for Lanham Act purposes: (1) advertising that employs the mark and (2) the rendering of services to which the mark attaches. Neither alone is sufficient. This two-pronged statutory meaning of "use in commerce" is what I refer to when I say that SBM did not "use" its mark in commerce because it did not "use" the mark in the United States. n1 Prior to today's holding, all existing authority, employing precisely this same two-pronged understanding of use, has similarly concluded that use in the United States is necessary to meet the Lanham Act's use in commerce requirement. None of this authority has ever suggested that if one element of the use in commerce requirement – advertising – takes place in the United States while the other – the rendering of services – occurs outside the United States, there has been use in the United States. Both elements must occur in the United States in order to satisfy the use in commerce requirement.

Indisputably, SBM has satisfied the first element of the use in commerce requirement, for no one questions that SBM employed the Casino de Monte Carlo mark in the United States to advertise and promote the gambling

services that it provides exclusively at its casino in Monaco. This is not and has never been a case about advertising. Rather, the question here is whether the second element of the use in commerce requirement has been satisfied, i.e. have the services that give rise to the Casino de Monte Carlo mark been rendered in commerce of the United States. The majority holds that they have and thus accords SBM's mark eligibility for trademark protection under United States law. I believe, however, that because SBM has not rendered its casino services in the United States, it has not satisfied the statutory use in commerce requirement in a manner sufficient to merit protection under the Lanham Act. Subsection I.A provides my analysis of this question; subsection I.B sets forth my response to the majority's efforts to rebut that analysis.

A.

In this case, some United States citizens purchased "casino services" in Monaco from the Societe des Bains de Mer et du Cercle des Estrangers a Monaco (SBM), a "subject of a foreign nation." The majority determines that those services "constitute trade with a foreign nation that Congress may regulate under the Commerce Clause." Ante at 14. Based on this determination, the majority accords SBM, the holder of the foreign mark, "Casino de Monte Carlo," eligibility for trademark protection under the Lanham Act for that mark even though SBM has never used the mark in the United States.

SBM has not argued, and the district court did not hold, n2 that the mark was entitled to protection under the Lanham Act simply because SBM used it to sell gambling services in Monaco to United States citizens. Nor did SBM argue, or the trial court hold, that these

sales of gambling services in Monaco to United States citizens constitute foreign trade that has been regulated by Congress under the Lanham Act. Indeed, prior to today, no court, administrative agency, or treatise has ever espoused or adopted this theory.

Rather, it has long been recognized that use of a foreign mark in a foreign country creates no trademark rights under United States law. As the foremost trademark authority has explained, "for purposes of trademark rights in the United States, 'use' means use in the United States, not use in other nations." 2 J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 17.9 (4th ed. 2000) ("McCarthy"); see also 3 Rudolf Callman, The Law of Unfair Competition, Trademarks and Monopolies § 19.24 (4th ed. 1998) ("Callman") (noting that "the use required under United States law as the foundation of trademark rights must be use in this country and not abroad . . . . It is well settled that foreign use creates no trademark rights in the United States."). n3

Until today, every court to address this issue has held that use of a foreign trademark in connection with goods and services sold only in a foreign country by a foreign entity does not constitute "use of the mark" in United States commerce sufficient to merit protection under the Lanham Act. As the Federal Circuit explained in rejecting the contention that a Japanese mark holder's use of a trademark solely in Japan in connection with goods sold to a United States citizen constituted use of the mark in commerce for Lanham Act purposes:Such foreign use has no effect on U.S. commerce and can not form the basis for a holding that appellant has priority here. The concept of territoriality is basic to trademark law; trademark rights exist in each

country solely according to that country's statutory scheme.

Person's Co., Ltd. v. Christman, 900 F.2d 1565, 1568-69 (Fed. Cir. 1990); accord Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha, 754 F.2d 591, 599 (5th Cir. 1985) ; Fin. Matters, Inc. v. Pepsico, Inc., 806 F. Supp. 480, 484 (S.D.N.Y. 1992); see also La Societe Anonyme des Parfums Le Galion v. Jean Patou, 495 F.2d 1265, 1270 n.4 (2d Cir. 1974) ("It is well settled that foreign use [of a trademark] is ineffectual to create trademark rights in the United States."). Although we have never before directly addressed this question, we have "accepted the assertion . . . that 'trade dress use in foreign countries does not create protectible trade-mark rights in the United States.'" CBS, Inc. v. Logical Games, 719 F.2d 1237, 1239 (4th Cir. 1983); cf. Buti v. Perosa, 139 F.3d 98, 103 (2d Cir. 1998) (noting that plaintiff conceded that "Congress has no constitutional authority to regulate the operation of the Fashion Cafe in Milan" perhaps in "recognition of the fact that . . . registration and use of the Fashion Cafe name in Italy has not, given the territorial nature of trademark rights, secured it any rights under the Lanham Act").

Aside from its singularly unpersuasive attempt to distinguish Buti, n4 the majority ignores all of this authority. The majority also ignores the fact that courts have uniformly rejected its precise argument, i.e., use of a foreign mark in a foreign country somehow grants the foreign holder of the mark priority over one who uses the mark first in the United States. See, e.g., Person's, 900 F.2d at 1567-69; Fuji Photo Film, 754 F.2d at 599; Fin. Matters, 806 F. Supp. at 484-85; Johnson & Johnson v. Diaz, 339 F. Supp. 60, 63 (C.D. Cal. 1971).

Like the courts, the Trademark Trial and Appellate

Board (TTAB), whose decisions are entitled to "great weight," Buti, 139 F.3d at 105 (internal quotation marks omitted); see also In re Dr. Pepper Co., 836 F.2d 508, 510 (Fed. Cir. 1987), has also long rejected this theory, concluding instead that "priority of right in a trademark in the United States depends on priority of use in the United States and is not affected by priority of use in a foreign country." Sterling Drug Inc. v. Knoll A.-G. Chemische Fabriken, 159 U.S.P.Q. 628, 630 (TTAB 1968); see also Techex Ltd. v. Dvorkovitz, 220 U.S.P.Q. 81, 83 (TTAB 1983); Mother's Restaurants Inc. v. Mother's Other Kitchen, Inc., 218 U.S.P.Q. 1046, 1048 (TTAB 1983); Stagecoach Properties, Inc. v. Wells Fargo & Co., 199 U.S.P.Q. 341, 349 (TTAB 1978); see also McCarthy § 29.3 ("Prior use of a trademark in a foreign country does not entitle its owner to claim exclusive trademark rights in the United States as against one who used a similar mark in the U.S. prior to entry of the foreigner into the domestic American market.") n5

Nor is the rule any different when, as here, the mark is used in a foreign country in connection with services or goods sold to United States citizens. See, e.g., Person's, 900 F.2d at 1567-69 (rejecting argument that use of trademark on goods sold in Japan by Japanese company to a U.S. citizen could establish priority rights against person using mark first in the United States); Mother's Restaurants, 218 U.S.P.Q. at 1047-48 (rejecting argument that use of trademark on restaurant services provided in Canada by Canadian entity to Americans created "priority rights in said mark in the United States"); Stagecoach Properties, 199 U.S.P.Q. at 349 (rejecting argument that use of trademark on hotel and restaurant services provided in Mexico to "people from the United States" created rights protectible under U.S. law in part because this "argument ignores the fundamental rule that activity outside the United States is ineffective to

create rights in marks within the United States"); see also Sterling Drug, 159 U.S.P.Q. at 630-31.

I recognize that, consistent with the Paris Convention and other international agreements, owners of foreign trademarks can obtain United States trademark protection by registering their marks in the United States without having to show actual prior use in this country. See 15 U.S.C.A. § 1126(e) (West Supp. 2002) (providing that a foreign applicant from a country with whom the United States maintains certain treaty rights can obtain a U.S. registration for a mark registered in its home country that it intends to use in U.S. commerce). But, as the majority acknowledges, SBM has not registered its mark in the United States. See ante at 2. n6

Moreover, when the owner of a foreign trademark, like SBM, has properly registered its foreign mark under the Lanham Act, that registration merely entitles it to the "same national treatment as any other registrant." Imperial Tobacco Ltd. v. Philip Morris, Inc., 899 F.2d 1575, 1578 (Fed. Cir. 1990). Therefore, after it has registered its foreign mark, the holder of the mark can maintain United States protection of the mark only if it complies with the requirements of United States law. Id. at 1578-79. The Lanham Act provides that any mark owner – including the owner of a foreign mark – that discontinues use of the mark may be deemed to have "abandoned" the mark and that "nonuse" for a statutorily required period of time, now three consecutive years (formerly two consecutive years) "shall be prima facie evidence of abandonment." 15 U.S.C.A. § 1127 (West 1998 & Supp. 2002); see also Emergency One, Inc. v. American FireEagle, Ltd., 228 F.3d 531, 536 (4th Cir. 2000). In this context too "'use' and 'nonuse' [of a trademark] mean use and nonuse in the United States." Imperial Tobacco, 899 F.2d at 1579 (emphasis added);

see also Rivard v. Linville, 133 F.3d 1446, 1449 (Fed. Cir. 1998); Oland's Breweries Ltd. v. Miller Brewing Co., 189 U.S.P.Q. 481, 487-88 (TTAB 1976).

Thus, even when the owner of a foreign mark has registered its mark in the United States, it will be presumed to have abandoned the mark if it does not use the mark for the statutorily required period of time in the United States. Use, no matter how extensive, of the mark in a foreign country during this period, does not rebut the presumption of abandonment. See Rivard, 133 F.3d at 1448-49; Imperial Tobacco, 899 F.2d at 1579; Oland's, 189 U.S.P.Q. at 487-88. In Oland's, for example, although a Canadian company used its mark extensively on beer sold in Canada to United States citizens, because it did not sell any beer with this mark in the United States during the required statutory period, "a prima facie case of abandonment . . . [was] shown." Oland's, 189 U.S.P.Q. at 488.

Indeed, in recent years one of our sister circuits has considered and rejected the majority's theory in the context of facts far more favorable to the owner of the foreign trademark. See Rivard v. Linville, 133 F.3d 1446 (Fed Cir. 1998), aff'g, 41 U.S.P.Q.2d 1731 (TTAB 1997). There, an owner of thirty-seven hair styling salons in Canada (the majority of which were within one hour of the U.S. border) maintained that although he had not used his mark in the United States itself, he had nonetheless "engaged in activities. . . which constitute use of the mark in [United States] commerce." 41 U.S.P.Q.2d at 1735.

Specifically, the owner maintained that far-reaching Canadian advertisement that extended into the United States; distribution of coupons, gift certificates, and balloons in the United States; and, most importantly

here, purchase by a "'significant' United States clientele" of the salon services in Canada constituted use of his mark in the United States sufficient to merit protection under the Lanham Act. The TTAB concluded that "the above activities neither individually or collectively constituted use of the . . . mark in commerce," and specifically rejected the owner's "argument" that "travel of customers from the United States to [his] Canadian salons" meant that those services had been rendered "in commerce" because "activity outside the United States does not create rights in marks within the United States." Id. at 1735-37. The Federal Circuit affirmed, explaining that "a prima facie case" had been established that the owner abandoned his mark "because he did not use it in connection with hairdressing and beauty salon services in the United States during the relevant time period." 133 F.3d at 1449.

In sum, as the cases and commentary make clear, a mark cannot satisfy the use in commerce requirement sufficient to merit protection under the Lanham Act without a claimant showing use in the United States. Indeed, I have failed to find, and the majority fails to cite, a single case in which a court has accorded trademark rights to a foreign mark holder absent a showing of use in the United States. Moreover, as all of the existing authorities to address this issue have concluded, such use requires that both the advertising that employs the mark and the rendering of the services to which the mark attaches take place in the United States. Advertising in the United States alone, no matter how extensive, does not suffice to demonstrate the necessary use in the United States.

Before concluding, I must note the potential consequences of adoption of the majority's rule. The rule announced by the majority today would mean that

any entity that uses a foreign mark to advertise and sell its goods or services to United States citizens in a foreign country would be eligible for trademark protection under United States law. n7 Such a rule threatens to wreak havoc over this country's trademark law and would have a stifling effect on United States commercial interests generally. Before investing in a mark, firms and individuals would be forced to scour the globe to determine when and where American citizens had purchased goods or services from foreign subjects to determine whether there were trademarks involved that might be used against them in a priority contest or in an infringement action in the United States. n8 On the other hand, SBM and companies like it would, under the majority's rule, suddenly acquire a windfall of potential United States trademark rights for all of the goods and services advertised to and purchased by United States citizens while traveling in their countries. Like some sort of foreign influenza, these new entitlements would accompany American travelers on their return home, creating a vast array of new duties for individuals in the United States seeking to use the same or similar marks on goods or services sold in the United States.

Of course, if the law required us to permit this sort of reverse imperialism, whereby foreign subjects would be allowed to colonize American markets with their foreign trademarks based on sales conducted exclusively abroad, we would have no choice but to allow it. But the law does not compel this. Rather, the majority's new theory is contrary to all extant authority. Applying this authority here leads to only one conclusion: SBM's use in Monaco of its "Casino de Monte Carlo" mark does not constitute "use in commerce" of the United States sufficient to gain protection under the Lanham Act. Therefore, the grant of summary judgment to SBM

should be reversed. n9 On this ground, the plaintiff companies were entitled to judgment as a matter of law.

B.

My friends in the majority respond, at length but without effect, to the above analysis. See ante at 19-36. It is unclear to me precisely what they believe the cases, the TTAB decisions, and the treatises discussed above mean by their repeated directive that the statutory use in commerce requirement mandates use in the United States. See ante at 23-24 n.7. What is clear is that the majority contends that this directive does not require that both elements of the statutory use in commerce requirement occur in the United States. For, according to the majority, existing authority, with only two exceptions, presents no obstacle to the majority's own view that the second element of use in commerce – the rendering of services – need not occur in the United States. To bolster that argument, the majority valiantly tries to distinguish the wealth of authority discussed above. But its distinctions rest on a misreading of the cases. In truth, contrary to the majority's assertions, the new rule it announces today does place our court squarely in conflict with at least two of our sister circuits, the TTAB, and all other existing authority on this issue.

First, the Federal Circuit has clearly and repeatedly embraced a rule that directly conflicts with the majority's. See, e.g., Rivard v. Linville, 133 F.3d 1446 (Fed. Cir. 1998), aff'g 41 U.S.P.Q.2d 1731 (TTAB 1997); Person's, 900 F.2d at 1567-69; see also Imperial Tobacco, 899 F.2d at 1579 noting that "'use' and 'nonuse' [of a trademark] mean use and nonuse in the United States"). The majority mistakenly attempts to diminish Rivard's precedential value, by explaining at length that this 1998

opinion was preceded by a prior unpublished opinion vacating an earlier TTAB decision. See ante at 25-27. In fact, the Federal Circuit's 1998 opinion does indeed constitute recent precedent on this precise issue, and clearly holds that the TTAB correctly concluded that "activity outside of the United States does not create rights in marks within the United States," 41 U.S.P.Q.2d at 1736; Rivard, 133 F.3d at 1449-50. The resulting rule is unambiguous: in order for a service mark to qualify for U.S. trademark protection, the services to which that mark attaches must be rendered in commerce in the United States.

The majority's attempt to distinguish Person's is equally misguided. For the majority contends that the Person's court, in holding that a foreign mark on goods sold abroad to a United States consumer was not used in the United States and so not subject to U.S. trademark protection, was relying on the fact that there had been only "foreign advertising of [the] product to foreign consumers." See ante at 23-24. But, in fact, Person's involved a mark for goods, not services; under the Lanham Act, as long as a mark is attached to the goods it signifies, there is no advertising requirement akin to that pertaining to service marks. See 15 U.S.C.A. § 1127 (paragraph 16). This was clearly the case in Person's, where the court specifically found that the Japanese clothing manufacturer had "applied a stylized logo bearing the name 'PERSON'S' to clothing in his native Japan," and that a United States citizen "purchased several clothing items bearing the 'PERSON'S' logo and returned with them to the United States." 900 F.2d at 1566-67. Thus, the Person's court could not have been relying on the lack of U.S. advertising as the basis for its holding; instead, it must have grounded its conclusion that the mark had not been used in the United States, and for that reason did not qualify for U.S. trademark

protection, on the fact that the goods had not been sold in the United States. Although the majority does not suggest that the Person's holding was incorrect, applying the majority's new rule to the facts of Person's would lead to a holding exactly the opposite of that reached by the Federal Circuit. Because the mark owner in Person's sold his goods (with mark attached) to a U.S. citizen, those goods were, under the majority's new rule, sold in foreign commerce of the United States, thereby making the mark eligible for U.S. trademark protection.

The majority's new rule also conflicts with the Second Circuit's view on this question. In addition to rejecting my analysis of Buti, ante at 27, the majority dismisses the more recent Second Circuit opinion in Morningside, 182 F.3d 133, which eliminates any doubt as to the correctness of my analysis of Buti. Ante at 27 n.10. In Morningside, the Second Circuit explained that a foreign financial services firm, unlike the Italian cafe owner in Buti, did have a valid mark under United States law because:this is not a case like Buti v. Impressa Perosa, S.R.L., 139 F.3d 98 (2d Cir. 1998), in which the service mark claimant did not provide its actual business services (the conduct of a restaurant business) in the United States, but only advertised and promoted those services in the United States. Mere advertising and promotion of a mark in this country are not enough to constitute "use" of the mark "in commerce," so as to bring the activity within the scope of the Lanham Act (id. at 105). By contrast, here Morningside Group does conduct material aspects of its investment services in the United States. Morningside, 182 F.3d at 138.

The majority also ignores the fact that the Buti court itself, 139 F.3d at 103-05, after holding that the foreign mark holder's promotional "activities in the United States were insufficient to establish 'use in commerce'

of the Fashion Cafe name absent proof that [it] offered any restaurant services in United States commerce," explicitly embraced the TTAB rule adopted in Rivard, 1996 TTAB LEXIS 32, 41 U.S.P.Q.2D (BNA) 1731 at 1735-37, and Mother's Restaurant, 218 U.S.P.Q. at 1047-48 – the two TTAB cases that the majority explicitly concedes are "on point" with this case but which reach a contrary conclusion. See ante at 23, 30-36; Buti, 139 F.3d at 105 ("We take particular comfort in our reliance on the TTAB decisions cited above [i.e., Mother's Restaurants and Rivard] because the principles enunciated therein rest on solid footing."). As the Buti Court explained, the basic principle animating these TTAB decisions has long been recognized by the Supreme Court. Id. at 105 (quoting United Drug Co. v. Theodore Rectanus, Co., 248 U.S. 90, 98, 63 L. Ed. 141, 39 S. Ct. 48, 1918 Dec. Comm'r Pat. 369 (1918) ("That a trademark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes attended by the use of the mark, the right of the [markholder] . . . will be sustained." (emphasis added by Buti court)). n10

Furthermore, all of the other federal appellate decisions, which I have cited and the majority has rejected, do, in fact, explicitly embrace the general principle that United States trademark rights, or trade dress rights, cannot be based on "use" of the trademark or trade dress in a foreign country. See Fuji Photo Film, 754 F.2d at 599; Patou, 495 F.2d at 1270 n.4; Logical Games, 719 F.2d at 1239; see also Rogers v. Ercona Camera Corp., 107 U.S. App. D.C. 295, 277 F.2d 94, 97 (D.C. Cir. 1960) ("We take it as settled that ownership rights in a trademark in the United States, in the case of private persons, exist only as an appurtenance to a manufacturing or marketing business conducted in the United States in which the mark is used." (footnote providing citation omitted)).

The majority tries to distinguish these cases on the ground that although they admittedly involved exclusively "foreign use" such "'foreign use' . . . is not what is before us today" given the purchase of casino services by United States citizens in Monaco. Ante at 27. n11 But there is nothing in any of these cases (or any of the other cases cited in part I.A above) to suggest that the purchase of goods or services by American citizens traveling abroad would somehow render the use of trademarks to sell those goods or services no longer "foreign." The crux of the matter, again, is whether the claimant can demonstrate use in the United States.

As for the numerous TTAB decisions holding that eligibility for trademark protection requires use in the United States, the majority dismisses most of them as inapposite and rejects the two (Rivard, 41 U.S.P.Q.2d at 1735-37, and Mother's Restaurants, 218 U.S.P.Q. at 1047-48) that it concedes are "on point." Ante at 30-35. In fact, the assertedly "inapposite" cases are not inapposite at all; each supports the basic rule that foreign "use," including sales to United States citizens traveling abroad, does not entitle a foreign mark to eligibility for trademark protection under United States law. n12

Moreover, the majority's two reasons for rejecting Rivard and Mother's Restaurants – that "there is no other precedent to support these two decisions," ante at 30-31, and that their reasoning is in error because they "conflate" the two distinct elements of the use in commerce requirement, ante at 20 – do not withstand scrutiny. First, as demonstrated above, both the Federal Circuit and the Second Circuit have explicitly embraced the rule articulated in the TTAB's Rivard and Mother's Restaurants decisions, see Rivard, 133 F.3d 1446, and Buti, 139 F.3d at 103-105, and every other court has adopted an approach entirely consistent with those

TTAB decisions. Second, in both Rivard and Mother's Restaurants, the TTAB, in expressly refusing to embrace an interpretation of use in commerce like that of the majority, took great pains not to "conflate" the two elements of the use in commerce requirement.

Thus, in the TTAB's 1997 decision in Rivard (not the earlier 1993 decision quoted by the majority), the Board canceled a United States mark registered by the owner of Canadian beauty salons because the Canadian owner had failed to demonstrate use in the United States, even though (1) he had engaged in extensive advertising that reached the United States; and (2) his beauty salon services had been sold to a "significant United States clientele." 41 U.S.P.Q.2d at 1735-36. In doing so, the Board took care to separate the two elements of the use in commerce requirement: We reject respondent's argument that through his advertising, he has used the mark ULTRACUTS in the United States since 1986. Under Section 45 of the Trademark Act, a mark is deemed to be used in commerce on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce. . . . [emphasis added by TTAB]

Similarly, we reject respondent's argument that his services are rendered in commerce because commerce is affected by the travel of customers from the United States to respondent's Canadian salons. . . . This case is readily distinguishable [from the single-location service provider cases cited by respondent] as respondent rendered no hair dressing and beauty salon services in the United States during the relevant time period.

It is well settled that activity outside the United States does not create rights in marks within the United States. See Stagecoach Properties, Inc. v. Wells Fargo &

Company, 199 U.S.P.Q. 341 (TTAB 1978). The concept of territoriality is basic to trademark law. See Person's Co. Ltd. v. Christman, 900 F.2d 1565, 14 U.S.P.Q.2d 1477 (Fed. Cir. 1990). Thus, the fact that United States residents have availed themselves of respondent's services while in Canada does not constitute technical trademark use of respondent's service mark which is sufficient to obtain or maintain a registration in the United States. Id. at 1736-37.

There is no conflation of the two elements of use in commerce here. In fact, the Board's conclusion is unambiguous: mere advertising that reaches the United States is not enough to constitute use in commerce; rather, such advertising must be combined with a rendering of services in the United States in order to "constitute technical trademark use of respondent's service mark" and thereby "obtain or maintain a registration in the United States." Id. at 1737. Thus, contrary to the majority's assertion, ante at 32, the Board did in fact "reject a position similar to that present here" (indeed, the relevant facts are identical to those here: advertising that reaches the United States plus purchase of services by United States citizens abroad) to reach precisely the opposite conclusion – "that no qualifying commerce was present." While the majority may disagree with the Board's conclusion (and with the Federal Circuit's published affirmance of this conclusion, 133 F.3d 1446), it can not fairly do so on the ground that the Board's reasoning somehow conflated the two elements of use in commerce.

The same is true for Mother's Restaurants, which presents a virtually identical set of facts in the context of a priority contest. In that case, the opposer argued that advertising of Canadian restaurant services that reached into the United States combined with purchase

of those services by United States citizens traveling in Canada sufficed to establish priority of use in the United States. 218 U.S.P.Q. at 1047-48. In rejecting this claim, the Board certainly did not engage in anything approaching the elaborate "use in commerce" analysis advanced by the majority today. But the Board, like every court to address this issue, clearly saw no reason to do so because it determined that advertising that reached American consumers could not by itself provide the basis for trademark protection in the United States absent a showing of "use of the mark on goods or services sold and/or offered in the United States." 218 U.S.P.Q. at 1048. Thus, the Board recognized and correctly addressed both elements necessary to establish priority of use in disposing of opposer's claim. That it reached a contrary conclusion from the majority when confronted with the same set of relevant facts simply illustrates, once again, the extent to which the majority's rule breaks with all prior authority on the matter.

II.

Even if my colleagues in the majority had correctly resolved the "use in commerce" issue, I would nonetheless have to dissent. This is so because, contrary to their holding, the district court erred in resolving disputed material facts when granting summary judgment to SBM on the secondary meaning issue and applied an improper secondary meaning analysis.

A.

The majority properly acknowledges both that the district court decided the case on cross motions for summary judgment and that in doing so the court engaged in factfinding. Ante at 4-5. However, the

majority apparently believes that this was justified because the parties agreed to submit on the "voluminous record" to a bench trial and "did not contradict one another's proffered facts, but only disputed the inferences that a fact-finder could draw from those underlying facts." Id. at 4. In truth, the parties never agreed to submit on the "voluminous record" to a bench trial. Rather, the parties and the district court agreed that the court would review that record and, on the basis of it, grant summary judgment to the appropriate party unless the court determined that material factual disputes required a trial, in which case the court would hold a trial.

Thus, the district court was not entitled to find facts and resolve conflicting inferences at this stage of the proceedings. Nor was it allowed to draw reasonable inferences from the facts before it as if it were a factfinder. Indeed, given the posture of the case, the court was required to resolve all inferences in favor of the non-moving party. Because the plaintiff companies opposed SBM's motion for summary judgment on trademark infringement, they were entitled to all such favorable inferences in the context of the secondary meaning inquiry. See United States v. Diebold Inc., 369 U.S. 654, 655, 8 L. Ed. 2d 176, 82 S. Ct. 993 (1962) ("On summary judgment the inferences to be drawn from the underlying facts . . . must be viewed in the light most favorable to the party opposing the motion."); Rossignol v. Voorhaar, 316 F.3d 516, 523 (4th Cir. 2003) ("When faced with cross-motions for summary judgment, the court must review each motion separately on its own merits 'to determine whether either of the parties deserves judgment as a matter of law.'. . . When considering each individual motion, the court must take care to 'resolve all factual disputes and any competing,

rational inferences in the light most favorable' to the party opposing that motion." (citations omitted)).

The small portion of transcript quoted by the majority, when considered in context, does not suggest that the parties ever agreed to anything other than the attempted resolution of the case via summary judgment. Both before and after the exchange quoted by the majority, which for clarity I emphasize in the material quoted below, the district court and the parties made their intentions clear:THE COURT: . . . I am going to proceed to scour the record, if you all submit it to the Court on summary judgment, and I will make my own determinations under Rule 56, Local Rule 56(b) and the like, and I will see what I ultimately come up with. If you have some concerns about that, we will go ahead and have a trial on Monday.

[Counsel for plaintiff companies]: . . . . we would submit with the record to the Court for consideration without a trial. . . .

THE COURT: So then it seems to me that the most efficient way to proceed is to decide now – is for me to decide whether there is a necessity for a trial. It seems to me that there are no experts. I have excluded the plaintiff's. That would have been an issue of dispute, presumably. . . . so there is really no reason why the Court should not dispose of this matter on the current record; isn't that right?

[Counsel for plaintiff companies]: I believe that's correct, your Honor.

[Counsel for SBM]: I think that sounds sensible, your Honor.

[Counsel for plaintiff companies]: That's exactly what I would ask for, your Honor.

THE COURT: . . . I will now proceed to attack this matter on the basis of the existing summary judgment record.

. . . . If there is a potential hearing, it will be in two weeks or three weeks or four weeks, when I get to the bottom.

[Counsel for SBM]: Okay.

THE COURT: There is always the possibility – I don't see it happening in this case, but I have had the experience of a voluminous record where counsel and I thought it was properly disposable on summary judgment, and when I finally got through working my way through this voluminous record, out popped a disputed issue of fact that I had to call to the parties' attention. And that may happen, but I don't think so. I don't think so.

In any event, so unless I hear from counsel jointly on Monday on this issue, I will assume that I will proceed on the summary judgment issue – on the summary judgment record, and then I will ask for oral argument only if it's needed.

I will enter an order today indicating that. J.A. 998-1005 (emphasis added to indicate portion of transcript quoted by majority).

That very day the district court did issue an order stating: "The parties, by counsel, agreed that the matter should be submitted to the Court on the existing summary judgment record. Should further oral

argument be necessary, the parties will be advised." Order, December 7, 2001 (emphasis added).

Moreover, after filing its initial memorandum opinion granting summary judgment to SBM, when the district court reopened the proceedings on the plaintiff companies' motion for reconsideration, the court continued to recognize that the matter would be resolved either on summary judgment or after an actual trial, if the court determined that there were disputed issues of fact. For example, the court noted that "Rule 56(e) requires a party opposing summary judgment to submit affidavits setting forth specific facts showing that there is a genuine issue for trial." J.A. 1020-21. In a later exchange with counsel for SBM, the court again remarked, "your predecessor indicated in court that he thought it was appropriate to submit it on summary judgment. . . . So you need to have that in mind. Now – but I want to get these issues correct, and so if the record needs [to be] reopened for either side, I will do so, and try the matter if necessary." J.A. 1023. The district court also recognized that "the Celotex trilogy of cases . . . govern in this case." J.A. 1024-25. Finally, the court stated that in its view, "the defendants either prevail or don't prevail on summary judgment on the record as it existed at the time the original memorandum opinion issued." J.A. 1041.

Given all of these statements and the fact that the court ultimately granted SBM summary judgment, JA 1115, it is clear that the majority is mistaken in concluding that the parties "agreed to submit the voluminous record to the court" for a bench trial. Ante at 4. The parties agreed only to submit the voluminous record as it stood – without further evidence or witnesses – for determination on summary judgment, if that was possible, i.e., only if, as the district court put it, no

"disputed issue of fact . . . popped out," J.A. 1003, after the court reviewed the record. Therefore, the district court's resolution of material factual disputes and conflicting inferences from the submitted facts when granting summary judgment constituted error, which the majority compounds with its attempted justification.

B.

The district court's error in resolving material factual disputes infected its holding on secondary meaning. In addition, the district court erred in the manner in which it conducted its secondary meaning inquiry.

In order to receive trademark protection for a geographically descriptive mark like "Casino de Monte Carlo" the party seeking protection must prove not only that the mark was used in commerce but also that the mark has attained secondary meaning. Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 125 (4th Cir. 1990). ñ13 A party establishes secondary meaning "when, 'in the minds of the public, the primary significance of [the mark] is to identify the source of the product rather than the product itself.'" Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 211, 146 L. Ed. 2d 182, 120 S. Ct. 1339 (2000) (quoting Inwood Labs., Inc. v. Ives Labs., Inc., 456 U.S. 844, 851 n. 11, 72 L. Ed. 2d 606, 102 S. Ct. 2182 (1982)); see also Resorts of Pinehurst, Inc. v. Pinehurst Nat'l Corp., 148 F.3d 417, 421 (4th Cir. 1998) ("Secondary meaning has been established in a geographically descriptive mark where the mark no longer causes the public to associate the goods with a particular place, but to associate the goods with a particular source." (internal quotation marks, alteration, and citation omitted)).

In this circuit, "proof of secondary meaning entails

vigorous evidentiary requirements." Perini, 915 F.2d at 125 (listing six factors "relevant to" but "not dispositive of" secondary meaning inquiry –"(1) advertising expenditures; (2) consumer studies linking the mark to a source; (3) sales success; (4) unsolicited media coverage of the product; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the mark's use" (internal quotation marks and citation omitted)). Ordinarily, a party claiming trademark protection must meet its burden on secondary meaning by offering proof under the Perini factors. We held, in Larsen v. Terk Technologies Corp., 151 F.3d 140, 148-49 (4th Cir. 1998) , however, that evidence of "intentional, direct copying" of a mark, provides the party claiming protection with "a presumption of secondary meaning." Under the Larsen rule, if the alleged infringer fails to rebut that presumption, the party claiming infringement is entitled to judgment. Id.

But even if the Larsen presumption did apply here, n14 it must be properly applied. In Larsen, we expressly held that an alleged infringer could rebut the presumption. Id. at 148 (noting that evidence of intentional, direct copying creates a presumption entitling the party claiming infringement to judgment "in the absence of rebutting proof"). Because the alleged infringer in Larsen "failed to rebut the presumption," we did not there address the question of the effect of such rebuttal evidence. However, the ultimate burden of proof always remains on the one asserting a claim. See St. Mary's Honor Ctr. v. Hicks, 509 U.S. 502, 507, 125 L. Ed. 2d 407, 113 S. Ct. 2742 (1993); Fed. R. Evid. 301. Therefore, Larsen must be read as consistent with Fed. R. Evid. 301, which provides that "a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden

of proof in the sense of risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast." Thus, evidence proffered by an alleged infringer that rebuts the Larsen presumption shifts the burden of establishing secondary meaning back to the party seeking protection, who must then make the requisite showing under the Perini factors that its mark had in fact attained secondary meaning.

Properly applied to the case at hand, this would mean that the plaintiff companies' extensive evidence rebutting the presumption of secondary meaning, including abundant third-party use of the Casino de Monte Carlo mark by both land-based and web-based casinos located in the United States, at least some of which SBM conceded it knew of yet made no effort to eliminate, would shift the burden of proof on this issue back to SBM. At that point, SBM should have been required to prove secondary meaning under the Perini factors. The district court, however, did not interpret Larsen in this way and so did not require SBM, the party seeking protection, to prove that its mark had, in fact, attained secondary meaning. n15

Instead, the district court found that the Larsen presumption applied, even though "there was no direct evidence of intentional copying," because "inferring intent of the plaintiff companies is proper given that the putative infringing term is identical to SBM's mark and the infringing use is in the same relevant market: gambling services." Assuming such an inference is permissible, surely the plaintiff companies' evidence of similar extensive third-party use (known and undisturbed by SBM) should have been considered as rebutting the presumption of secondary meaning, thereby shifting the burden of proof back to SBM on that issue. But that did not happen. Upon concluding

that the Larsen presumption applied, the district court then determined not whether SBM had proved secondary meaning but whether the plaintiff companies had "shown that the Perini factors weigh against secondary meaning." (Emphasis added). Thus the district court placed the burden of proof on the wrong party – requiring the alleged infringer to prove no secondary meaning, rather than requiring SBM to prove secondary meaning.

The district court also made improper factual determinations in resolving the matter in SBM's favor. For example, the district court determined that the extensive third-party use of the mark, constituted evidence of "plagiarism." Yet a fact-finder could well infer from this evidence that SBM's "Casino de Monte Carlo" mark was not distinctive enough to have achieved the requisite level of secondary meaning necessary to merit protection under United States law. See, e.g., Echo Travel, Inc. v. Travel Assoc., Inc., 870 F.2d 1264, 1269 (7th Cir. 1989) (stating that evidence of "third party use of a substantially similar mark to promote the same goods or services to the same consumer class weighs against a finding that the consumer class associates the mark with one source" (emphasis in original)). n16

Similarly, the district court ignored the evidence of SBM's failure to police its mark in any systematic or vigorous way; yet a fact finder could conclude from this evidence that SBM's mark had lost any distinctiveness that it may have had. See McCarthy, § 17:17 ("'Without question, distinctiveness can be lost by failing to take action against infringers. If there are numerous products in the marketplace bearing the alleged mark, purchasers may learn to ignore the "mark" as a source identification. When that occurs, the conduct of the

former owner, by failing to police its mark, can be said to have caused the mark to lose its significance as a mark.'" (quoting Wallpaper Mfrs., Ltd. v. Crown Wallcovering Corp., 680 F.2d 755, 766 (C.C.P.A. 1982)).

For these reasons, I would conclude that, even if the plaintiff companies were not entitled to summary judgment on the use in commerce question (which I believe they were), they have produced sufficient evidence to raise genuine issues of material fact as to whether SBM shouldered its burden under the Perini factors. Accordingly, even if the majority's holding on "use in commerce" were correct, I would reverse the district court's grant of summary judgment to SBM.

FOOTNOTES

n1 This two-pronged meaning of "use" originated in the pre-Lanham Act trademark cases. See, e.g., Trade Mark Cases, 100 U.S. 82, 94-95, 25 L. Ed. 550, 1879 Dec. Comm'r Pat. 619 (1879). The Lanham Act's "use in commerce" requirement draws directly on this earlier understanding. See Zazu Designs v. L'Oreal, S.A., 979 F.2d 499, 503 (7th Cir. 1992). In a case presenting facts almost identical to the case at hand, the Second Circuit clearly recognized this understanding of "use" and its grounding in earlier Supreme Court doctrine. See Buti v. Perosa, S.R.L., 139 F.3d 98, 103 (2d Cir. 1998) ("Under this rule, therefore, Santambrogio's mere advertising of the Fashion Cafe mark, standing alone did not constitute 'use' of the mark within the meaning of the Lanham Act." (citing United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97, 63 L. Ed. 141, 39 S. Ct. 48, 1918 Dec. Comm'r Pat. 369 (1918)).

n2 The majority properly rejects the only rationale offered by SBM (and adopted by the district court) for

finding the mark used in United States commerce for Lanham Act purposes, i.e. that advertising in the United States combined with the booking of reservations to SBM's various resorts through SBM's New York office sufficed to meet the use in commerce requirement. See ante at 7-9.

n3 This principle, that use in the United States provides the foundation for U.S. trademark rights, is a corollary of the well-established principle that trademark rights exist in each country solely as determined by that country's law. See Ingenohl v. Olsen & Co., Inc., 273 U.S. 541, 544, 71 L. Ed. 762, 47 S. Ct. 451 (1927) ("A trademark started elsewhere would depend for its protection in Honkong upon the law prevailing in Honkong and would confer no rights except by the consent of that law."). The United States has long committed itself to this territoriality principle by joining international agreements based on it. See, e.g., Paris Convention for the Protection of Industrial Property, March 20, 1883, art. 6(3), available at http://www.wipo.int/clea/docs/en/wo/wo020en.htm (last visited March 20, 2003) – a convention that the United States joined in 1883. The majority builds its contrary thesis on the unremarkable proposition that for Lanham Act purposes "commerce" is defined as "all commerce which may lawfully be regulated by Congress." 15 U.S.C.A. § 1127 (West 1998 and Supp. 2002). What the majority overlooks is that to the extent Congress can regulate sales of goods and services by foreigners, bearing foreign marks, in foreign nations, it has chosen to do so by providing in the Lanham Act for compliance with international agreements based on the territoriality principle. See, e.g., 15 U.S.C. § 1126(b) (West 1998).

n4 Contrary to the majority's suggestion, ante at 15-16, the plaintiff's concession in Buti that it did not sell cafe

services in "foreign trade" with the United States, does not render Buti "unpersuasive" here. This is so because SBM has made – albeit implicitly – exactly the same concession. Indeed, SBM does not argue that its sale of services abroad constitutes use in the "foreign trade" of the United States. Rather, like the plaintiff in Buti, SBM claims only that its U.S. advertisement and promotion activities constitute use in the United States. See Brief of Appellees at 19 (arguing that record provides "evidence of its mark's use in the United States"); 22 (same); 23 (same); see also id. at 28 (arguing that application of famous marks doctrine entitles it to trademark protection "as an alternative to a showing of 'use' in the United States."). Thus, in a context very similar to that at hand, the Second Circuit in Buti recently indicated its agreement with the rule that rendering services in a foreign country does not suffice to establish use in commerce for Lanham Act purposes. Moreover, Morningside Group Ltd. v. Morningside Capital Group, L.L.C., 182 F.3d 133 (2d Cir. 1999), decided a year after Buti, makes clear the Second Circuit's intent. There, in the course of holding that a mark claimant met the "use in commerce" requirement by "conducting material aspects of its investment services in the United States," the Second Circuit distinguished Buti as a case "in which the service mark claimant did not provide its actual business services (the conduct of a restaurant business) in the United States, but only advertised and promoted those services in the United States." Id. at 138.

n5 Even if the plaintiff companies knew of SBM's use of its foreign mark in connection with services rendered in Monaco, this does not render the plaintiff companies bad-faith users of the mark in the United States or preclude them from using the mark in the United States. See Person's, 900 F.2d at 1570 ("Knowledge of a foreign use does not preclude good faith adoption and use in the

United States."); accord Buti, 139 F.3d at 106; Callman § 19.24 and cases cited therein ("Even an intentional imitator may acquire domestic trademark rights if the mark he imitates is used in a foreign country.").

n6 Of course, the Supreme Court has long held that when a United States trademark (i.e., a mark used or registered in this country) is at issue, no "rule of international law" prevents the United States "'from governing the conduct of its own citizens . . . in foreign countries when the rights of other nations or their nationals are not infringed.'" Steele v. Bulova Watch Co., 344 U.S. 280, 285-86, 97 L. Ed. 319, 73 S. Ct. 252, 1953 Dec. Comm'r Pat. 424 (1952) (quoting Skiriotes v. Florida, 313 U.S. 69, 73, 85 L. Ed. 1193, 61 S. Ct. 924 (1941)). For this reason, Congress has the power, which it has exercised in the Lanham Act, to prohibit United States citizens from engaging in "deliberate acts" abroad which result in "unlawful effects in this country," i.e., infringement of a trademark registered in the United States. Bulova, 344 U.S. at 288. As the majority seems to recognize (by citing Bulova briefly only to distinguish it, see ante 15 n.6), Bulova offers no support for its theory, which arises from a claim by a foreign entity to United States trademark protection for a foreign mark never used or registered in this country.

n7 It is worth noting here that, contrary to the majority's suggestion, ante at 16, proof of distinctiveness by way of secondary meaning does not necessarily operate as a check on the massive expansion of protection that would be accorded to foreign marks used solely in foreign countries under the majority's "use in commerce" holding. This is so because if a mark is inherently distinctive, the mark holder need not offer any proof of secondary meaning in order to receive protection. See, e.g., Two Pesos, Inc. v. Taco Cabana,

Inc., 505 U.S. 763, 768, 120 L. Ed. 2d 615, 112 S. Ct. 2753 (1992).

n8 Although I appreciate the majority's concern with the policy objective of avoiding consumer confusion, ante at 35, I do not see how its rule would enhance the ability of trademark law to achieve this objective. Indeed, by allowing foreign mark holders to acquire trademark protection in the United States for goods and services sold exclusively abroad, the majority's rule would likely generate a whole new set of trademark disputes in the United States, exacerbating consumer confusion in the process. Moreover, for the reasons mentioned in the text, the "notice" function of trademarks vis-a-vis other firms would be severely undermined by the majority's rule. See Zazu, 979 F.2d at 503 (discussing notice function of "use" requirement under U.S. trademark law).

n9 Nor does the "famous marks" doctrine provide SBM any refuge. That doctrine has been applied so seldom (never by a federal appellate court and only by a handful of district courts) that its viability is uncertain. Perhaps for this reason, SBM conceded in the district court that it could not prevail on a famous marks argument without showing "some use" of its mark in the United States. See J.A. 196. Since SBM has shown no use of its mark in the United States, this concession forecloses appellate pursuit of this argument.

n10 This principle – that the trade upon which the trademark is based (i.e. the goods or services to which the mark attaches) must reach those markets in which the trader seeks protection – inevitably leads to the conclusion that foreign conduct that does not reach United States markets does not suffice as a basis for according eligibility for U.S. trademark rights. See

United Drug, 248 U.S. at 98; Hanover Star Milling Co. v. Metcalf, 240 U.S. 403, 416-17, 60 L. Ed. 713, 36 S. Ct. 357, 1916 Dec. Comm'r Pat. 265 (1916) ("But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article. . . . The trade-mark right assigned" cannot be "greater in extent than the trade in which it [is] used." (internal quotation marks omitted)). The majority's rule turns this principle on its head. Under its rule, whenever United States citizens go into foreign markets to purchase goods or services, they render any foreign marks attached to those goods and services eligible for trademark protection in United States markets.

n11 The majority also suggests that some language in Logical Games "portends something akin to the very case before us today." Ante at 27. Actually, when read in context, it is clear that this language merely refers to situations in which an American importer purchases goods abroad and sells them in the United States.

n12 Thus, Techex cites the rule announced in Mother's Restaurants, supporting the conclusion that, for the TTAB at least, there is no valid distinction between foreign use that involves the purchase of goods or services by U.S. citizens traveling abroad and foreign use that does not involve such purchases. 220 U.S.P.Q at 83. Stagecoach Properties cites the same principle to reject the argument that use of a mark to sell hotel and restaurant services to United States citizens in Mexico sufficed to create U.S. trademark rights. 199 U.S.P.Q. at 349.

In Oland's, the Board concluded that the Canadian brewer had abandoned its American registration of the SCHOONER mark in the United States, even though the Canadian company had advertised with its mark

extensively in the United States and even though United States citizens had purchased the company's beer in Canada. Oland's, 189 U.S.P.Q. at 482-83. Thus, although the Board concluded that a prima facie case of abandonment had been shown because the Canadian brewer had not sold any beer under the SCHOONER mark "in commerce which may be lawfully regulated by Congress," id. at 488, it did so on facts identical to those in this case (U.S. advertising plus sales to U.S. citizens in a foreign country).

Finally, in Sterling Drug, a goods case, the TTAB concluded that even though the German manufacturer had provided its drug "denoted as TALUSIN" to doctors who then prescribed it to United States citizens in Germany, such use did not qualify as "use in commerce" sufficient to merit protection under the Lanham Act. 159 U.S.P.Q. at 630-31. In attempting to distinguish this case on the ground that the advertising there was insufficient to merit trademark protection, the majority makes the same mistake it made in trying to distinguish Person's, i.e. importing the advertising requirement for service mark protection to trademark protection for goods.

n13 For those marks found to be inherently distinctive, the mark holder would not need to offer any proof of secondary meaning to merit protection (assuming, of course, that the mark also satisfies the use in commerce requirement). See, e.g., Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763, 768, 120 L. Ed. 2d 615, 112 S. Ct. 2753 (1992).

n14 Of course, I do not believe the Larsen presumption applies here because copying a foreign trademark that has not been used or registered in the United States violates no law of this country. See, e.g., Buti, 139 F.3d at 106; Person's, 900 F.2d at 1570.

n15 Contrary to the majority's suggestion, the district court did not "employ[ ] two distinct analyses to assess the secondary meaning," beginning with the "traditional Perini analysis" and then "furthermore" proceeding under Larsen. See ante at 17-18. Rather, the district court first applied the Larsen presumption and then considered the Perini factors in light of this presumption.

n16 The majority's recognition, ante at 5 n.4, 18, that conflicting inferences could be drawn from the plaintiff companies' evidence of third-party use simply confirms, once again, that the district court erred in drawing the inferences it did given that it decided the case on summary judgment. Because the plaintiff companies were the non-moving party on the issue of secondary meaning, any such inferences should have been viewed and resolved in the light most favorable to them. See Diebold, 369 U.S. at 655; Harley-Davidson Motor Co., Inc. v. Powersports, Inc., 319 F.3d 973, 989 (7th Cir. 2003) ("The phrase in the light most favorable to the nonmoving party . . . simply means that summary judgment is not appropriate if the court must make a choice of inferences." (internal quotation marks and citation omitted)).

Civil Action No. 01-115-A

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, ALEXANDRIA DIVISION

INTERNATIONAL BANCORP, L.L.C., et al.,
Plaintiffs,

v.

SOCIETE DES BAINS DE MER ET DU CERCLE DES ETRANGERS A MONACO,
Defendant.

March 26, 2002

FINAL JUDGMENT

The matter came before the Court on the parties' cross-motions for summary judgment and on plaintiff's' motion for a stay of injunction and judgment pending appeal.

For the reasons stated in the corresponding memorandum opinion,

It is hereby ORDERED that

(i) defendant's counterclaim against Levy is DISMISSED pursuant to Rule 12(b)(2), Fed. R. Civ. P.

(ii) defendant's motion for summary judgment is GRANTED and plaintiffs' motion for summary judgment is DENIED with respect to the following domain names listed by registrant:

- International Bancorp, L.L.C.:
  montecarlocasino.net,
  montecarlocasino.org,
  monte-carlocasion.com,
  monte-carlo-casion.com,
  casinomontecarlo.com,
  e-montecarlocasino.com.

- International Services, Inc.:
  casinodemontecarlo.net,
  casino-montecarlo.net,
  casinomonte-carlo.net,
  casinomonte-carlo.org,
  casinomontecarlo.net,
  casinomontecarlo.org,
  casinomontecarloonline.com,
  ecasinomontecarlo.com,
  ecasinomontecarlo.net,
  emontecarlocasino.com,
  emontecarlocasion.net,
  e-casinomontecarlo.net,
  e-montecarlocasino.net,
  lemontecarlocasino,net,
  monte-carlocasino.net,
  montecarlocasinoonline.com,
  montecarlocasinoonline.net,
  montecarloonlinecasino.com,
  montecarloonlinecasino.net,
  sexycasinomontecarlo.com,
  sexymontecarlocasino.com,
  sexymontecarlocasino.net,
  webcasinomontecarlo.com.

- International Lotteries, L.L.C.:
  casinomontecarlo.com,
  montecarlocasinos.com,
  lecasinodemontecarlo.com,

casinodemontecarlo.com,
lemontecarlocasino.com,
lecasinomontecarlo.com,
casinomonte-carlo.com,
monte-carlocasino.com,
e-casinomontecarlo.com,
casinomontecarlo.org,
casinomontecarlo.net.

- Britannia Finance Corporation:
  montecarlocasino.net,
  thecasinomontecarlo.com,
  themontecarlocasino.com.

(iii) Plaintiffs' motion for summary judgment is GRANTED and defendant's motion for summary judgment is DENIED with respect to the following domain names listed by registrant:

- International Services Inc.:
  livemonacocasino.com,
  monacogaming.com,
  monacogaming.net,
  montecarlogambling.net,
  montecarlogames.com,
  montecarlogames.net,
  montecarlojackpot.com,
  montecarlojackpot.net.

- International Lotteries, L.L.C.:
  montecarlogambling.com.

- Britannia Finance Corporation:
  monacocasinos.com

It is further ORDERED that the certificates for these domain, names be transferred to defendant within thirty (30) days of this Order.[1]

It is further ORDERED that defendant is awarded damages against each of the plaintiff companies in the following amounts based on ownership of the domain names:

(i) International Bancorp - $10,000 (for montecarlocasino.net and five other domain names);

(ii) International Service - $23,000 (for twenty-three domain names);

(iii) International Lotteries - $15,000 (for casinomontecarlo.com and ten other domain names); and

(iv) Britannia - $3,000 (for three domain names).

It is her ORDERED that plaintiffs are ENJOINED from registering and using in United States commerce domain names containing the trademark "Casino de Monte Carlo" or its foreign equivalents and from using the mark in United States commerce on the Internet.

It is further ORDERED that plaintiffs' motion for stay of injunction pending appeal is DENIED as plaintiffs' have not demonstrated (i) that they are likely to prevail on the merits of the appeal or (ii) despite the existence of substantial legal question, that the following factors do not weigh in their favor: (a) that plaintiffs will suffer irreparable injury if the stay is denied; (b) that other parties will not be substantially harmed by the stay; and (c) that the public interest will be served by granting the stay. See Long v. Robinson, 432 F.2d 977, 979 (4th

Cir.1970; Odetics, Inc. v. Storage Technology Corp., 14 F. Supp. 2d 785, 798 (E.D. Va. 1998). It is clear that plaintiffs are unable to met their burden under this multi-factor test.

It is further ORDERED that plaintiffs' motion for stay of judgment for money damages pending appeal is DENIED, although plaintiffs may obtain a stay by providing a supersedeas bond puruant to Rule 62(d), Fed. R. Civ. P.

The Clerk is directed to enter judgment in accordance with Rule 58, Fed. R. Civ. P., to place this matter among the ended causes, and to send copies of this Order to all counsel of record.

T.S. Ellis III
United States District Judge

March 26, 2002
Alexandria, Virginia

FOOTNOES

[1] This thirty day period is for the purpose of allowing plaintiffs to take steps to transfer their website material to a non-infringing domain name address.

Civil Action No. 01-115-A

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, ALEXANDRIA DIVISION

INTERNATIONAL BANCORP, L.L.C., et al., Plaintiffs,

v.

SOCIETE DES BAINS DE MER ET DU CERCLE DES ETRANGERS A MONACO, Defendant.

March 25, 2002, Decided
March 25, 2002, Filed

COUNSEL: FOR PLAINTIFF(S): James William Pravel, Pravel Intellectual Property Law, P.C., Alexandria, VA.

FOR DEFENDANT(S): Carl John Nichols, Boies Schiller & Flexner L.L.P., Washington, D.C.

FOR COUNTER-DEFENDANT(S): Michael Earl Barnsback, DiMuro Ginsberg & Mook P.C., Alexandria, VA.

JUDGES: Honorable T. S. Ellis, III, United States District Judge.

OPINIONBY: T. S. Ellis

OPINION:
REVISED MEMORANDUM OPINION n1

This declaratory judgment trademark infringement action pits the owner of Monaco's famed gambling establishment, Casino de Monte Carlo, against an individual and five companies who have registered fifty-three ".com" and ".net" domain names that incorporate, in various ways, the name "Casino de Monte Carlo." The disposition of the parties' cross-motions for summary judgment presents substantive and jurisdictional issues.

I.

A. SBM

Defendant and counterclaim plaintiff Societe des Bains de Mer et du Cercle des Etrangers a Monaco (SBM) is a company established in the Principality of Monaco in 1863 by charter from Prince Charles III of Monaco. SBM's majority shareholder is the government of Monaco. Its business is the management of a variety of resort hotels and gambling facilities in Monaco, including four gambling casinos, one of which is the Casino de Monte Carlo. n2 The record reflects that while SBM registered the "Casino de Monte Carlo" mark under the laws of Monaco in 1996, its application for the same trademark in this country, filed with the U.S. Patent and Trademark Office on November 7, 2001, is currently pending. n3 The record also reflects that SBM has registered and uses various domain names, n4 and while SBM currently provides no online gambling or gaming services, it is undisputed that SBM has such services under development.

In advertising its resort and gambling facilities, the record reflects that SBM has used the mark "Casino de Monte Carlo" in this country and throughout the world. Specifically, SBM has promoted its Casino de Monte Carlo through print media, films, and the Internet. Its

magazine Societe, which is distributed in this country and elsewhere, describes and contains photographs of the Casino de Monte Carlo and uses the mark "Casino de Monte Carlo." SBM has also received substantial media coverage in this country regarding its resorts and casinos, especially the Casino de Monte Carlo. n5

n5 For example, articles discussing SBM's Casino de Monte Carlo appeared in the following magazines: Avenue (Feb. 1999, Feb. 2001), Diversion (May 1998), Home & Away (Jan.-Feb. 1998), New Jersey Savvy Living (May 1998), Palm Beach Illustrated (Dec. 2000), Robb Report (Mar. 1999, May 2000), Sports Illustrated (1997), Successful Meetings (Oct. 1999, Dec. 1999), Town & Country (Dec. 1999, May 2000), Travel & Leisure (Oct. 1999). Similarly, articles about the Casino de Monte Carlo appear in the following newspapers: Arizona Republic (Dec. 14, 1997, Feb. 8, 1998, July 22, 1999), Brooklyn Daily Eagle & Daily Bulletin (Dec. 7, 1999), Buffalo News (Aug. 3, 1997), Chicago Tribune (Feb. 22, 1998), Daily News (New York) (Feb. 9, 1997), Herald-Palladium (St. Joseph, Mich.) (Nov. 23, 1997), Jewish Journal (Palm Beach, Fla.) (Feb. 1, 2000), Journal Star (Peoria, Ill.) (Jan. 30, 2000), Miami Herald (Nov. 23, 1997, Jan. 21, 2001), Milwaukee Journal Sentinel (Mar. 1, 1998), New York Times (Mar. 14, 1997, Apr. 25, 2000), Orange County Register (Jan. 25, 1998), Post Register (Idaho Falls, Idaho) (Dec. 6, 1999), St. Paul Pioneer Press (Dec. 28, 1997), San Bernardino County Sun (Apr. 16, 2000).

For the past eighteen years, SBM has operated a New York office to promote North American tourism in Monaco. These New York-based promotional efforts, which include advertising SBM's Casino de Monte Carlo by using the mark "Casino de Monte Carlo," occur throughout the United States by means of trade show

participation, media advertising, charity partnerships, direct mail, and telephone marketing. In each of the past ten years, SBM has spent approximately four-million dollars annually on worldwide marketing efforts, with approximately twenty-five percent of this amount devoted to marketing efforts in the United States. As part of this marketing and promotional effort, SBM has annually mailed approximately 10,000 brochures that, inter alia, use the mark "Casino de Monte Carlo" to advertise this gambling facility to North American clients in the United States and Canada. A reflection of the impact of these promotional efforts is that as recently as the year 2000, approximately twenty-two percent of SBM's customers in Monaco were from North America. Undisputed evidence further reveals that the New York office was one of SBM's international sales offices from which American customers were able to book reservations. n6

The record reflects that SBM is aware that the geographic term "Monte Carlo" is used by other entities in connection with Internet gambling. n7 And, while it is also true that SBM has not attempted to dispute every instance of such use, this case involves more than the use of the geographic term; rather, in this case, SBM challenges the registration and use of fifty-three domain names that allegedly incorporate in some fashion the entire mark "Casino de Monte Carlo." This use of the mark, according to SBM, creates the false impression that plaintiffs' websites are affiliated with SBM. Despite this allegedly infringing use of SBM's mark, there is no evidence of resulting financial loss to SBM.

B. The Plaintiff Companies and Levy

The declarative judgment plaintiffs are five companies: International Bancorp, L.L.C. (d/b/a I. Bancorp Europe),

International Services, Inc., International Lotteries, L.L.C., Britannia Finance Corporation, and Las Vegas Sportsbook, Inc. (collectively referred to as the "plaintiff companies"). These entities are also named as counterclaim defendants in SBM's counterclaim. Also named as a counterclaim defendant is Claude Levy, a French national who resides in Belgium. Levy is the owner and operator of the five plaintiff companies, which the record reflects are all undercapitalized and have failed to observe many traditional American corporate formalities. It also appears that the plaintiff companies have (i) no officers, directors, or members other than Levy and his wife, Arja Levy, (ii) no employees, and (iii) essentially no corporate records. The record also reflects that Levy and his wife registered the disputed domain names on behalf of the five plaintiff companies, occasionally using aliases in doing so. The undisputed record also reflects that while the five plaintiff companies purport to be distinct entities, they have common eadership, common goals, and work together with a common purpose. A brief description of each of the five plaintiff companies follows.

International Bancorp, L.L.C., a Delaware limited liability company, registered six of the disputed domain names with Verisign, located in Herndon, Virginia. n8 Levy and his wife are the only members of International Bancorp. The company currently has no employees, no office, and no bank account. It has no principal place of business in the United States and its members have never filed a tax return relating to the business.

International Services, Inc., is incorporated in St. Kitts, West Indies. It registered with Verisign thirty-one domain names challenged by SBM. n9 The corporation now manages and registers domain names for the other

plaintiff companies. It has three shareholders, including Levy. International Services has no employees, no offices, and no bank accounts.

International Lotteries, L.L.C., is a Delaware limited liability company that registers domain names and develops websites. It has no employees, no offices, and no bank account. The company registered with Verisign twelve of the domain names that are now in dispute. n10 Levy and his wife are the sole members of the company.

Britannia Finance Corporation is a Delaware corporation that provides accounting and financial services for the other plaintiff companies. Britannia's sole directors are Levy and his wife. It has no employees and no offices, but does maintain bank accounts in European banks. The record reflects that Britannia maintained no corporate minutes and has never filed a tax return in any jurisdiction. Britannia registered with Verisign four of the domain names that are now in dispute. n11

Las Vegas Sportsbook, Inc. is incorporated under the laws of the Republic of Panama and has registered domain names on behalf of the other plaintiff companies. Las Vegas Sportsbook has two corporate shareholders, both of which are owned by Levy, who acts himself as an agent on behalf of Las Vegas Sportsbook. Like the other plaintiff companies, Las Vegas Sportsbook has no employees, no offices, and appears to lack any source of revenue.

Levy, the five plaintiff companies, and their affiliates are in the business of developing and operating websites relating to the online gaming industry. Domain names are, of course, central to this effort. The first of the domain names at issue registered by one of the plaintiff

companies was casinomontecarlo.com, which was registered by International Lotteries in 1997. Since then Levy and the five plaintiff companies have registered with Verisign the additional 52 disputed domain names.

According to the record, Levy, the five plaintiff companies and their affiliates have developed more than 150 websites devoted to online gambling. n12 Among these websites are "Casino Monte Carlo," located at casinomontecarlo.com and "Monte Carlo Casinos," located at montecarlocasinos.com. These two sites are central to the plaintiff companies' online gambling activities. Located at these sites are the plaintiff companies' pages describing their online gambling services and containing pictures and graphics of the interior of a casino that appears to be copied from SBM's Casino de Monte Carlo. n13 Both sites invite visitors to download the plaintiff companies' software program entitled "Casino Monte Carlo." This program uses a greeting that reads "Welcome to Casino Monte Carlo" and contains a picture of the exterior of SBM's Casino de Monte Carlo. n14 Levy, the record reflects, authorized the use of these pictures of graphics.

Also located at these sites are the following statements which appear in part to refer or allude to SBM:

. "This casino is owned and managed by a group of US corporations, including a US finance company, and an international group of companies who have been in business for more than 140 years."

. "We are the only Internet gaming company to have the double gambling license from Casino Monte Carlo and from Las Vegas Casino."

. "For your protection, your funds are held in a top European bank, established over 100 years ago, which also provides the strictest banking secrecy in the world, something that is not available in the US."

. "The best Internet gambling magazine has named Monte Carlo Casino the Best Internet Casino for 1999."

Nor are these the only allusions to SBM to be found on the plaintiff companies' websites. At gamblingmagazine.com, a site registered to Britannia and controlled by Levy, the following statements were made:

. "Monte Carlo: a town and resort forming part of the principality of Monaco, on the Riviera, with a famous casino and the destination of an annual car rally...."

. "Have you seen the stunning graphics of this soon-to-be famous casino? www.CasinoMonteCarlo.com."

. "or would you prefer something more sublime? A location between mountain and sea, gardens, cultural events, only 29,000 residents, ideal for a romantic vacation, an independent state in the heart of Europe– the Principality of Monaco, and naturally, Monte Carlo, home of legendary casinos famous the world over. Instead of travelling [sic] there, try www.montecarlocasino.net."

Neither Levy nor any of the plaintiff companies hold any registered trademarks using the terms "Casino," "Monaco," or "Monte Carlo" (with or without a dash, joined or separated). And, as the record also makes clear, none of the plaintiff companies' websites using the disputed domain names contain any material that criticizes or parodies SBM or any of its facilities. Nor do

any of theses sites specifically disclaim a commercial affiliation with SBM.

The record reflects that the plaintiff companies have on some occasions offered several of the disputed domain names for sale to the public at large by listing them for sale with online domain name brokers affiliated with the plaintiff companies. Apart from these general offers of sale, there is no record evidence that the plaintiff companies offered to sell any of the disputed domain names to SBM.

C. Procedural History

When the plaintiff companies registered each of the fifty-three disputed domain names, they were required as a condition of registration to agree to arbitrate any dispute regarding ownership of the domain names in accordance with the Uniform Policy for Domain Name Dispute Resolution ("UDRP"), adopted by the Internet Corporation for Assigned Names and Numbers ("ICANN"). Pursuant to the UDRP, SBM filed complaints against four of the plaintiff companies: (1) International Bancorp, challenging the use of six domain names, (2) International Services, challenging the use of thirty-one domain names, (3) International Lotteries, challenging the use of twelve domain names, and (4) Britannia, challenging the use of four domain names, with the World Intellectual Property Organization ("WIPO") Arbitration and Mediation Center. See WIPO Case Nos. D2000-1323; D2000-1328; D2000-1327; D2000-1315. On January 8, 2001, WIPO issued non-binding decisions in these cases in favor of SBM, finding (i) that SBM had rights in the mark "Casino de Monte Carlo;" (ii) that the plaintiff companies' use of the term "Casino de Monte Carlo" as domain names and on web pages was identical and hence confusingly similar to SBM's mark; (iii) that

the disputed domain names were registered and used in bad faith. See id. Accordingly, the panel ordered the plaintiff companies to transfer to SBM all domain names related to "Casino de Monte Carlo," including the fifty-three domain names here at issue. See id. To avoid having to do so, n15 the plaintiff companies then brought this complaint, seeking a declaratory judgment pursuant to 28 U.S.C. § 2201(a) that the companies are entitled to retain ownership of the domain names in dispute. n16 Thereafter, Verisign, having received notice of this action, deposited the certificates for the fifty-three domain names with the Clerk of this Court. SBM's response to the complaint included a counterclaim, naming as defendants the plaintiff companies and Levy. Specifically, SBM's amended counterclaim asserts the following theories of recovery against Levy and the plaintiff companies:

(1) unfair competition and trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1125(a);

(2) trademark dilution in violation of the Federal Trademark Dilution Act ("FTDA"), 15 U.S.C. § 1125(c);

(3) cybersquatting in violation of the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d)(1);

(4) unfair competition in violation of 15 U.S.C. § 1126(h); and

(5) trademark infringement under the common law of Virginia.

The relief sought by SBM in its amended counterclaim includes (i) statutory damages in the amount of $ 100,000 per each of the fifty-three allegedly offending domain names, pursuant to 15 U.S.C. § 1117(d); (ii)

transfer of each of the fifty-three domain names, pursuant to 15 U.S.C. § 1125(d)(1)(C); and (iii) an injunction forbidding the plaintiff companies and Levy from registering domain names that contain the mark "Casino de Monte Carlo" or similar terms and from using the mark on the Internet.

Levy, for his part, promptly filed a timely motion to dismiss the counterclaim against him, citing the absence of personal jurisdiction.

The plaintiff companies and SBM filed cross-motions for summary judgment and oral argument was heard on December 7, 2001. In lieu of a bench trial, the parties agreed that the matter should be submitted on the existing voluminous summary judgment record, which contains numerous exhibits and affidavits. Accordingly, this matter is now ripe for adjudication.

II.

Summary judgment is appropriate when the nonmoving party "fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp. v. Catrett, 477 U.S. 317, 322, 91 L. Ed. 2d 265, 106 S. Ct. 2548 (1986). A "mere scintilla" of evidence, however, is not enough, for it is well-established that for the nonmoving party to avoid summary judgment, the evidence must be sufficient for a reasonable jury to find in its favor when viewed in the light most favorable to that party. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 252, 91 L. Ed. 2d 202, 106 S. Ct. 2505 (1986).

III.

Levy's challenge to personal jurisdiction is the threshold question presented. In essence, Levy claims he is not subject to this Court's jurisdiction because his only contacts with Virginia are those incidental to the registration of the disputed domain names with Verisign in Herndon, Virginia. This argument is well-taken, as the record confirms that Levy has indeed not had contacts with Virginia other than those incident to domain name registration and it is well-established that personal jurisdiction cannot be based solely on the registration of a domain name with Verisign. n17 Yet, this does not end the analysis of the personal jurisdiction issue, as SBM argues that personal jurisdiction over Levy in Virginia exists because Levy is the alter ego of the plaintiff companies, and because they have come voluntarily to Virginia to invoke the Court's jurisdiction, Levy, too, is subject to jurisdiction here.

This argument presents two issues: (i) whether the proper law to apply for piercing the corporate veil for jurisdictional purposes is the law of each of the plaintiff companies' domiciliary states or countries, or the law of Virginia, the forum state; and (ii) whether under the proper governing law, the record in this case supports piercing the veil and finding personal jurisdiction over Levy.

Analysis of the first issue appropriately begins with Rule 4(k)(1), Fed. R. Civ. P., which provides that the jurisdiction of federal courts is determined by the jurisdictional laws of the forum state, such as the forum state's long-arm statute. It follows, then, that the proper governing law for the question of personal jurisdiction is Virginia law. So, Virginia law governs the question whether personal jurisdiction over a person who

controls a company can be obtained by piercing the company's veil and the question whether in this case the various veils should be pierced to reach Levy. This follows not just from Rule 4(k)(1), Fed. R. Civ. P., but also from the sensible proposition that it is the forum state, not the domiciliary state of a company, that has a valid interest in the jurisdictional reach of the forum state's courts (and, derivatively through Rule 4, Fed. R. Civ. P., the federal courts in that state). n18

It is similarly sensible that piercing the corporate veil should be a permissible means of conferring jurisdiction in a forum over the alter ego of a company that is subject to jurisdiction in the forum, especially where, as here, the record reflects that Levy, the alleged alter ego, directed the acts of the plaintiff companies that are in issue, namely registering domain names, creating websites, and filing this action. Although no reported Virginia case squarely considers this issue, decisions from other jurisdictions uniformly reach this sensible result. n19 Nor is there any reason to believe that the Supreme Court of Virginia would conclude otherwise. Indeed, a contrary result might well allow a company's alter ego to abuse the corporate form and then escape process and liability in Virginia for acts of the company that occur in Virginia and are directed by the alter ego.

The final question to be resolved is whether under Virginia law the veil of any plaintiff company should be pierced to allow SBM to assert jurisdiction over Levy in Virginia. This question must be answered in the negative. Although the laws of other states might support piercing the plaintiff companies' veils on this record, n20 Virginia law imposes a more stringent standard for piercing the corporate veil, a standard not met here. Virginia's more rigorous standard requires "proof that the alleged alter ego used the corporation to

disguise some legal wrong." See Perpetual Real Estate Services, Inc. v. Michaelson Properties, Inc., 974 F.2d 545, 548 (4th Cir. 1992). In Virginia, the proponent of piercing must establish that "the corporation was a device or sham used to disguise wrongs, obscure fraud, or conceal crime." Cheatle v. Rudd's Swimming Pool Supply Co., Inc., 234 Va. 207, 360 S.E.2d 828, 831 (Va. 1987). It is clear from this record that SBM has not established that the plaintiff companies were created or used merely to disguise a wrong, obscure fraud, or conceal crime. Thus, the corporate veils of the plaintiff companies cannot be pierced under Virginia law, and it follows that personal jurisdiction over Levy does not exist and the counterclaims against him must be dismissed.

IV.

SBM asserts that the plaintiff companies' use in American commerce of the term "Casino de Monte Carlo" in the disputed domain names and on various websites constitutes trademark infringement in violation of the Lanham Act, 15 U.S.C. § 1125(a). n21 To prevail on its trademark infringement cause of action, SBM must prove the following elements:

(1) that SBM possesses a protectible mark;

(2) that plaintiff companies used the mark;

(3) that plaintiff companies' use of the mark occurred "in commerce;"

(4) that plaintiff companies used the mark "in connection with the sale, offering for sale, distribution, or advertising" of goods or services; and

(5) that plaintiff companies used the mark in a manner likely to confuse consumers.

People for the Ethical Treatment of Animals v. Doughney, 263 F.3d 359, 364 (4th Cir. 2001); see also Petro Stopping Ctrs., L.P. v. James River Petroleum, Inc., 130 F.3d 88, 91 (4th Cir. 1997); 4 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 25:76 (4th ed. 2001) ("McCarthy").

Elements two, three, and four are plainly met. There is no dispute that the plaintiff companies use the "Casino de Monte Carlo" mark in whole or in part in forty-three of the fifty-three domain names at issue. n22 It is also undisputed that the mark "Casino de Monte Carlo" is used in various ways as material posted on the websites corresponding to the plaintiff companies' domain names. Nor is there any doubt that these uses occurred in United States commerce, as the plaintiff companies' websites offered online gambling to Internet users in this country. And, the record reflects that the plaintiff companies used some form of the "Casino de Monte Carlo" mark as domain names and as material on websites in connection with the sale, offers of sale, and advertising of the Internet gambling services they provide.

While elements two, three, and four require little discussion, the remaining two elements require more extended analysis. The first of these elements is whether SBM's "Casino de Monte Carlo" mark is a trademark protectible in this country. As noted, SBM has registered the mark "Casino de Monte Carlo" in Monaco, but has yet to complete the federal registration process in this country. Yet, this is not fatal to SBM's claim, as it is well-established that Section 1125(a) "generally has been construed to protect against trademark, service mark,

and trade name infringement even though the mark or name has not been federally registered." Perini Corp. v. Perini Constr., Inc., 915 F.2d 121, 124 (4th Cir. 1990). But where, as here, the mark in issue is not federally registered, a mark holder seeking Section 1125(a) relief must establish that the mark has been used in American commerce and that the mark is distinctive. See Washington Speakers Bureau, Inc. v. Leading Authorities, Inc., 33 F. Supp. 2d 488, 494 (E.D. Va. 1999), aff'd, 217 F.3d 843 (4th Cir. 2000).

As an initial matter, it is clear that SBM's "Casino de Monte Carlo" mark is used in United States commerce. A mark is used in commerce "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services." 15 U.S.C. § 1127. While no authority in this circuit directly addresses the scope of the phrase "use in commerce" in this context, other circuits have reached the sensible conclusion that the term "use in commerce" under the Lanham Act "denotes Congress's authority under the Commerce Clause rather than an intent to limit the [Lanham] Act's application to profit making activity." n23 It follows, then, that the Lanham Act's "use in commerce" requirement does not require more than the customary jurisdictional effect on interstate commerce. n24

In this respect, however, it is noteworthy that one court of appeals has determined that the mere advertising of a mark in the United States does not establish use in American commerce. See Buti v. Impressa Perosa, S.R.L., 139 F.3d 98, 106 (2d Cir. 1998). n25 Yet, this is not a mere advertising case; to the contrary, it is clear from

the undisputed record that SBM's New York office was one of SBM's many international sales offices from which customers could book reservations. Thus, the record shows that in this respect, SBM "services are rendered" in the United States. 15 U.S.C. § 1127.

Use of the mark in this country, by itself, does not establish that the mark deserves Section 1125(a) protection; distinctiveness must also be established. See Sara Lee Corp. v. Kayser-Roth Corp., 81 F.3d 455, 464 (4th Cir. 1996). In this respect, it is settled that generic terms are not entitled to trademark protection, while descriptive, suggestive, and arbitrary marks are. See Washington Speakers, 33 F. Supp. 2d at 494. It is clear, and SBM concedes, that the term "Casino de Monte Carlo" is a descriptive mark. Geographic terms, such as "Monte Carlo," "are generally understood to constitute descriptive marks when they indicate the geographic source of the service or product." Id. at 495. In this case, the term "Monte Carlo" identifies the geographic source of the casino that SBM provides. Thus, just as the term "Washington" in "Washington Speakers Bureau" makes that mark descriptive, so too does the term "Monte Carlo" in "Casino de Monte Carlo." See id. at 495. n26

Descriptive marks are deemed distinctive, thus meriting protection, only if the party claiming protection can demonstrate that the mark has acquired a secondary meaning among the relevant consuming public. See Larsen v. Terk Technologies, 151 F.3d 140, 148 (4th Cir. 1998); Washington Speakers, 33 F. Supp. 2d at 495. For geographically descriptive marks, this occurs when "the mark no longer causes the public to associate the goods with a particular place, but to associate the good [or service] with a particular source." Resorts of Pinehurst, Inc. v. Pinehurst Nat. Corp., 148 F.3d 417, 421 (4th Cir. 1998). Thus, a mark will merit protection only "when its

primary significance to the consuming public is not the descriptive information it imparts, but [rather is] the mark's association with a particular business...." Washington Speakers, 33 F. Supp. 2d at 496.

Courts examine the following factors to determine whether secondary meaning exists. n27

(1) advertising expenditures;

(2) consumer studies linking the mark to a source;

(3) sales successes;

(4) unsolicited media coverage of the product;

(5) attempts to plagiarize the mark; and

(6) the length and exclusivity of the mark's use.

See Perini, 915 F.2d at 125; see also Washington Speakers, 33 F. Supp. 2d at 496.

While mark holders normally bear the burden of proving secondary meaning, n28 in this circuit, "evidence of intentional, direct copying [of a trademark or trade dress] establishes a prima facie case of secondary meaning sufficient to shift the burden of persuasion to the [alleged infringer] on that issue." n29 In this circuit, therefore, direct copying gives rise to a presumption upon which judgment must issue in the absence of rebutting proof.

This principle applies here. The record leaves no doubt that the plaintiff companies intentionally and directly copied SBM's mark. While there is no direct evidence of intentional copying, inferring the intent of the plaintiff

companies is proper, given that the putatively infringing term is identical to SBM's mark and the infringing use is in the same relevant market: gambling services. Thus, the presumption of a likelihood of confusion applies here. Of the fifty-three domain names at issue, forty-three contain the term "Casino de Monte Carlo" or its essential equivalent. n30 Moreover, the plaintiff companies' websites contain software ready for download that features pictures of the exterior of the actual Casino de Monte Carlo. The plaintiff companies' websites also contain pictures of an interior decor strikingly similar to that of the Casino de Monte Carlo. In these circumstances, the inference of intentional copying is too compelling to deny and the secondary meaning of the mark "Casino de Monte Carlo" is properly presumed.

Nor has this presumption been rebutted, as the record reflects that the plaintiff companies have failed to show that the Perini factors weigh against secondary meaning. Thus, the plaintiff companies have not rebutted SBM's showing that it has spent millions of dollars in this country over the last ten years using its mark to advertise and promote its Casino de Monte Carlo and its other resorts. The plaintiff companies' sole response to this is to assert that SBM's advertising and promotional expenditures related to SBM's resorts generally, rather than to the Casino de Monte Carlo, specifically. Although the record does not specify how much was spent solely on advertising and promoting the Casino de Monte Carlo, there is no doubt that a substantial portion was devoted to the Casino de Monte Carlo, SBM's premier gambling facility.

The second Perini factor is neutral, as neither party submitted any consumer studies showing a link or lack of a link between the mark "Casino de Monte Carlo" and

SBM's Casino de Monte Carlo. Given that the burden on secondary meaning has shifted to the plaintiff companies, the absence of such a study counts against the plaintiff companies and in favor of the existence of secondary meaning.

As to the third Perini factor, the plaintiff companies have not rebutted SBM's record showing that the Casino de Monte Carlo has enjoyed great sales success. SBM presents undisputed evidence that twenty-two percent of its resort customers are from the United States and Canada. While there is no evidence establishing precisely what proportion of these customers are American, there can be little doubt that SBM has a substantial number of American customers. And while it is true that the record does not show precisely how many of these sales related specifically to the Casino de Monte Carlo or to the power of the mark "Casino de Monte Carlo," there is a reasonable inference, unrebutted by the plaintiff companies, that a substantial degree of SBM's sales success is attributable to the distinctiveness of the Casino itself and hence of the "Casino de Monte Carlo" mark. The fourth Perini factor–unsolicited media coverage of the services available at SBM's Casino de Monte Carlo–is also unrebutted by the plaintiff companies and weighs convincingly in favor of the mark's distinctiveness. Fifth, the record reflects evidence of the use by others of SBM's "Casino de Monte Carlo" mark or derivations of it. n31 Accordingly, it is clear that the "Casino de Monte Carlo" mark is considered worth plagiarizing for its commercial value in calling to minds of consumers SBM's well-known gambling facility. Finally, on the sixth Perini factor, the uncontradicted record reflects that SBM's use of the mark is exceptionally long-standing, which suggests distinctiveness. To be sure, the record also reflects that SBM's long-standing use of the mark has not been

exclusive. n32 While this might suggest a lack of distinctiveness in some contexts, it is here more suggestive of the power of the mark to attract plagiarists seeking to benefit from an implied association with SBM's casino. In sum, far from rebutting the presumption of distinctiveness that operates here, the Perini factors, when applied to the facts of this case, actually support that presumption.

The final element of a Section 1125(a) trademark infringement claim is whether the record shows that the plaintiff companies' unauthorized use of the term "Casino de Monte Carlo" creates a likelihood of confusion for an "'ordinary consumer' as to the source or sponsorship of the goods," in this case, online gambling services. Anheuser-Busch, Inc. v. L & L Wings, Inc., 962 F.2d 316, 318 (4th Cir. 1992). n33 And, "to determine whether a likelihood of confusion exists, a court should not consider how closely a fragment of a given use duplicates the trademark, but must instead consider whether the use in its entirety creates a likelihood of confusion." Doughney, 263 F.3d at 366. When analyzing whether confusion is likely, courts consider the following factors:

(1) the strength of the mark;

(2) the similarity between the alleged infringer's domain name and/or use and the mark;

(3) the similarity between defendant's services and the service provided at the domain name;

(4) the similarity between the facilities defendant uses in its business and the facilities used in connection with the provision of services under the disputed domain names;

(5) the similarity between defendant's advertising and advertising used to promote services offered by the plaintiff companies;

(6) the intent underlying use of the mark; and

(7) the existence of any actual confusion.

See Petro Stopping Ctrs., 130 F.3d at 91 (citing Pizzeria Uno, 747 F.2d at 1527). These factors are neither exhaustive nor exclusive. See Pizzeria Uno, 747 F.2d at 1527. It is well-established that although "the likelihood of confusion is a factual issue dependent on the circumstances of each case..., summary judgment is appropriate when the material, undisputed facts disclose a likelihood of confusion," a determination that courts make in light of the seven factors. Pinehurst, 148 F.3d at 422. Thus, although likelihood of confusion is a factual issue, weighing the seven factors that determine likelihood of confusion is a judicial function. See id. Furthermore, in determining whether a likelihood of confusion exists, courts should consider the specific facts and circumstances of each case. See Anheuser-Busch, 962 F.2d at 318.

As in distinctiveness, it is proper in this circuit to presume "a likelihood of confusion upon a showing that the defendant intentionally copied the plaintiff's trademark or trade dress." Larsen, 151 F.3d at 149 (citing M. Kramer Manufacturing, 783 F.2d at 448 n.24). n34 Given the circumstances, it is appropriate to infer that the plaintiff companies' copying was intentional, as was done in the discussion of distinctiveness. n35 Forty-three of the plaintiff companies' domain names are copies of SBM's "Casino de Monte Carlo" mark, either verbatim or with insignificant variations. The plaintiff companies seek to bolster the association with the

Casino de Monte Carlo in the minds of consumers by using pictures of SBM's Casino de Monte Carlo and "interior" graphics that are virtually identical to the Casino de Monte Carlo's decor. Thus, the plaintiff companies, who have the burden of proof, must show that there is no likelihood of confusion.

Although the plaintiff companies bear the burden on the issue of likelihood of confusion, a finding of likelihood of confusion would be proper regardless of which party bears the burden because four of the seven factors weigh heavily in SBM's favor. First, it has been established that SBM's "Casino de Monte Carlo" mark has secondary meaning and is, therefore, strong and distinctive. It is also clear that the plaintiff companies used the term "Casino de Monte Carlo," or a substantially similar term, in the registration and use of the forty-three domain names and on their various websites. Furthermore both SBM and the plaintiff companies offer the same service–that is, gambling. Finally, it is evident the plaintiff companies' intended to enhance the marketability of their services by using the term "Casino de Monte Carlo" to invite consumers to believe that plaintiff companies are associated with SBM's casino. Thus, because the plaintiff companies' use of forty-three domain names creates a likelihood of confusion, they have failed to satisfy their burden under Larsen of showing the contrary. Therefore, the use of the forty-three domain names infringes SBM's "Casino de Monte Carlo" trademark.

V.

SBM's claim for trademark dilution under the Federal Trademark Dilution Act, 15 U.S.C. § 1125(c), does not fare as well as its infringement claim. In this circuit, a threshold requirement for a dilution claim is a showing

of actual economic harm to SBM's mark, rather than a mere threatened injury to the mark as some other circuits require. See Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Development, 170 F.3d 449, 453 (4th Cir. 1999) (announcing and applying the Fourth Circuit standard); Cable News Network L.P., L.L.L.P. v. Cnnews.com, 177 F. Supp. 2d 506, 521 (E.D. Va. 2001) (discussing the circuit split on this issue). Under the Ringling Bros. standard, SBM may establish actual economic harm in three ways. See 170 F.3d at 465. First, SBM may show proof of an actual loss in revenue attributable to the offending domain name. See id. It is undisputed that there is no evidence of financial loss to SBM as a result of the plaintiff companies' actions. Second, SBM may conduct a valid consumer survey designed to demonstrate that consumers or customers in a relevant market mentally associate the offending domain name with the famous mark and also to determine "further consumer impressions from which actual harm and cause might rationally be inferred." Id. Here, there is no evidence showing that "some quanta of the original mark's identifying ability or selling power has been diminished." See Ringling Bros., 170 F.3d at 465 (internal citations and quotation marks omitted). Third, to complement other proof, SBM may show contextual factors such as the extent of the junior mark's exposure, the similarity of the marks, and the firmness of the senior mark's hold. See id. While the record reflects such contextual factors, Ringling Bros. makes clear that these contextual factors, standing alone, do not provide dilution; they serve only to complement other, more probative factors. See id. In sum, because this record contains no evidence of actual economic harm attributable to the registration and use of the domain names at issue, SBM has failed to establish a basis for

summary judgment on its dilution claims under Sections 1125(c), and, therefore, 1125(d). n36

VI.

Next, SBM alleges that the plaintiff companies' use of the "Casino de Monte Carlo" mark violates the in personam provisions of the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d)(1). The ACPA imposes liability in a civil action on a person by the owner of a mark if, without regard to the goods or services of the parties, that person

(i) has a bad faith intent to profit from that mark and

(ii) registers, traffics in, or uses a domain name that–

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark; [or]

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark...

15 U.S.C. § 1125(d)(1)(A). Thus, for SBM to succeed in this in personam ACPA claim, it must prove that the plaintiff companies' use of the disputed domain names constitutes either trademark infringement or trademark dilution and it must also demonstrate that the plaintiff companies have or had a bad faith intent to profit from use of the "Casino de Monte Carlo" mark. See Doughney, 263 F.3d at 366-68. While SBM has failed to prove trademark dilution, it has established trademark infringement, pursuant to 15 U.S.C. § 1125(a). The next step, then, is to determine whether the plaintiff companies have acted with the requisite bad faith.

The ACPA lists nine nonexclusive factors for courts to consider in determining whether a domain name has been registered or used in bad faith. n37 Although courts are not obliged to consider every factor and may also consider factors not listed in Section 1125(d)(1)(B)(i), the statutory factors are typically what courts use to determine bad faith. See Cnnews.com, 177 F. Supp. 2d at 522. Each factor addresses whether there is some legitimate reason for the registrant or user of a domain name to possess or make use of the disputed domain name. See id.

The first factor is whether the plaintiff companies have any legitimate rights in the "Casino de Monte Carlo" mark. See 15 U.S.C. § 1125(d)(1)(B)(i)(I). On this record, it is clear that none of the plaintiff companies own, or claim to own, any rights in any trademark or service mark that is identical or similar to the "Casino de Monte Carlo" mark. This factor, therefore, weighs in favor of a conclusion of bad faith.

The second factor is whether the term "Casino de Monte Carlo" constitutes a legal name or commonly-used name for any of the plaintiff companies. n38 See 15 U.S.C. § 1125(d)(1)(B)(i)(II). A putative cyberpirate can satisfy this factor only if its name or commonly-used nickname is the same as the domain name in dispute. It is clear that "Casino de Monte Carlo," or a similar term, is not the legal name or nickname of any of the plaintiff companies. n39

The third factor–whether the plaintiff companies engaged in prior, bona fide use of the "Casino de Monte Carlo" mark n40–also supports a bad faith finding. As the record reflects, SBM has used the "Casino de Monte Carlo" mark for over one-hundred and forty years. And, given that the SBM mark has secondary meaning, no

bona fide use by the plaintiff companies of "Casino de Monte Carlo" predates SBM's use of the mark.

The fourth factor is whether the plaintiff companies engaged in any bona fide noncommercial or "fair use" of the "Casino de Monte Carlo" mark. See 15 U.S.C. § 1125(d)(1)(B)(i)(IV). The purpose of this factor is to protect domain name registrants and users engaged in protected activities, such as political criticism or parody. n41 Here, the plaintiff companies' use of the domain names is purely commercial and involves none of these. Thus, this factor also supports a conclusion of bad faith.

The fifth factor is whether the plaintiff companies intended to divert consumers from SBM's online location to a site accessible under the disputed domain names that could harm the goodwill of SBM's mark, either for commercial gain or with the intent to tarnish or disparage the mark by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the website. See 15 U.S.C. § 1125(d)(1)(B)(i)(V). As intent is rarely discernible directly, it must typically be inferred from pertinent facts and circumstances. See Cnnews.com, 177 F. Supp. 2d at 525. In this regard, the wholesale inclusion of the "Casino de Monte Carlo" mark in the disputed domain names evidences the plaintiff companies' intent to divert Internet users from SBM's services. Indeed, in at least one of plaintiff companies' websites, Internet users were invited to gamble online rather than travel to Monaco. Thus, the fifth factor weighs in favor of bad faith.

The sixth factor is whether the plaintiff companies offered to transfer or sell the domain names for financial gain without having an intent to use them in the bona

fide offering of any goods or services. See 15 U.S.C. § 1125(d)(1)(B)(i)(VI). While most of the plaintiff companies' disputed domain names have been offered for sale, they have been offered to the general public and, in the meantime, the plaintiff companies have continued to offer gambling services on these sites. It is clear that, whatever the motives of the plaintiff companies, selling domain names to SBM is not their sole motivation for registering domain names. Thus, this factor is neutral on the issue of bad faith.

The seventh factor is whether the plaintiff companies provided material and misleading false contact information when applying for the registration of the domain name. See 15 U.S.C. § 1125(d)(1)(B)(i)(VII). It is undisputed from the record that aliases were used when submitting contact information for many of the websites. While there is no evidence that these aliases were used with the intent to deceive or mislead, their use creates an atmosphere of deception. Thus, this factor marginally supports a finding of bad faith.

The eighth factor is whether the plaintiff companies registered or acquired multiple domain names that they knew were identical or confusingly similar to the distinctive marks of others. See 15 U.S.C. § 1125(d)(1)(B)(i)(VIII). This factor is designed to address the phenomenon of "warehousing," that is, the registration of many domain names consisting of various identical or similar combinations of the marks of others. n42 In this case, the plaintiff companies registered forty-three domain names that contain the term "Casino de Monte Carlo." This factor, then, does raise an inference of bad faith.

The ninth factor concerns the extent to which the mark incorporated in the registrant's domain name

registration is or is not distinctive and famous. See 15 U.S.C. § 1125(d)(1)(B)(i)(IX). Given that the "Casino de Monte Carlo" mark is deemed distinctive, this factor supports a finding of bad faith.

In sum, eight of the nine statutory factors support SBM's claim that the forty-three domain names have been registered and used in bad faith. It is also apparent that the plaintiff companies fall outside the ACPA's "safe harbor," which provides that "bad faith intent... shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful." 15 U.S.C. § 1125(d)(1)(B)(ii) (comporting with 15 U.S.C. § 1115(b)(4)). The Lanham Act provides that fair use constitutes:

the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party or their geographic origin...

15 U.S.C. § 1115(b)(4). It is clear that the plaintiff companies have not made "fair use" of SBM's "Casino de Monte Carlo" mark. Indeed, the term "Casino de Monte Carlo" is not the name of any of the plaintiff companies. And, it is clear that the plaintiff companies' services do not originate in Monte Carlo. Thus, as the plaintiff companies had no reasonable ground to think that they engaged in fair use, they may not invoke the ACPA's safe harbor provisions.

VII.

SBM also asserts a claim pursuant to 15 U.S.C. § 1126(h). This section provides protection against unfair competition and trademark infringement to the class of individuals identified in 15 U.S.C. § 1126(b), that is, any person whose country of origin is a party to a convention or treaty relating to trademark law or unfair competition to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, "to the extent necessary to give effect to any provision such as a convention, treaty, or reciprocal law." Thus, when read with Section 1126(b), Section 1126(h) "provide[s] foreign nationals with rights under United States law which are coextensive with the substantive provisions of the treaty involved." Scotch Whisky Ass'n v. Majestic Distilling Co., Inc., 958 F.2d 594, 597 (4th Cir. 1992). The only treaty cited by SBM, the Paris Convention for the Protection of Industrial Property, 24 U.S.T. 2140, n43 creates no substantive rights beyond those independently provided in the Lanham Act. See Scotch Whisky, 958 F.2d at 597. n44 Given this, there is no occasion here for the operation of Section 1126(h). Accordingly, SBM's Section 1126(h) claim fails.

VIII.

SBM also asserts a common law trademark infringement claim against the plaintiff companies, which, in the circumstances, is a claim governed by Virginia law. n45 It is well-established that with one exception, n46 "the requirements for success on the merits of [a Virginia trademark] claim are substantially similar to those for the federal Lanham Act claim." Rubbermaid Commercial Products, Inc. v. Contico Intern., Inc., 836 F. Supp. 1247, 1262 (W.D. Va. 1993) (citing Rosso & Mastracco v. Giant

Food Shopping Center, 200 Va. 159, 104 S.E.2d 776 (Va. 1958)). Because federal law adequately provides the relief SBM seeks, it is unnecessary to reach the more difficult issue on this record of infringement under Virginia law, which does not incorporate the burden-shifting analysis of the Larsen line of cases.

IX.

The plaintiff companies argue that SBM's claims are barred by the statute of limitations. As the Lanham Act provides no express statute of limitations for filing trademark infringement claims, it is proper to use the analogous state limitations period. See Reed v. United Transp. Union, 488 U.S. 319, 323-24, 102 L. Ed. 2d 665, 109 S. Ct. 621 (1989). Under Virginia law, the statute of limitations period for personal injuries is two years; the period for injuries to property is five years. See Va. Code § 8.01-243. Because trademark rights have the characteristics of property, and indeed are so treated by owners of these rights, n47 it would appear that infringement claims brought pursuant to the Lanham Act constitute injuries to property rather than personal injuries. Indeed, one court in this district has so held. See Hoey v. Dexel Systems Corp., 716 F. Supp. 222, 224 (E.D. Va. 1989). Yet, only two years after this decision, another court in this district concluded that false advertising under the Lanham Act was a personal injury. See Unlimited Screw Products, Inc. v. Malm, 781 F. Supp. 1121, 1126 (E.D. Va. 1991). Clearly, these two rulings are not inconsistent because trademark infringement may be viewed as damaging property, whereas false advertising is more akin to personal injury. Yet, subsequent cases have ignored this apparent distinction and have simply cited Malm, without analysis, for the proposition that all Lanham Act claims, including trademark infringement, carry a two-year

statute of limitations period. See CACI Int'l v. Pentagen Technologies Int'l, 70 F.3d 111, 1995 WL 679952, *3 (4th Cir. 1995) (unpublished); Teaching Co. Ltd. Partnership v. Unapix Entertainment, Inc., 87 F. Supp. 2d 567, 585 (E.D. Va. 2000). Neither of these decisions, however, is binding. n48

Although the better view seems to be that trademark infringement is an injury to property, it is ultimately unnecessary to reach this issue because SBM's claims are not time-barred under the limitations period for either property or personal injury. The parties do not dispute that the matter is not time-barred if a five-year period is applicable. And, even if the statute of limitations period is only two years, SBM's claim of trademark infringement is timely. Although plaintiff companies argue that all claims regarding any domain name registered two years prior to the complaint are untimely, this argument is unpersuasive. It is well-settled in this circuit that even if some acts of trademark infringement fall outside the statute of limitations period, other infringing acts by that same party occurring within the limitations period are not time-barred. See Lyons Partnership, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 797 (4th Cir. 2001). Thus, although some of the disputed domain names were registered more than two years prior to the filing of this complaint, the action regarding these names is nonetheless timely, given that the plaintiff companies' other infringing conduct-using domain names to infringe SBM's "Casino de Monte Carlo" mark, offering the disputed domain names for sale, and maintaining websites that contain material infringing the "Casino de Monte Carlo" mark-occurred within two years of the filing of the complaint. Thus, SBM's claim of trademark infringement are timely. n49 Furthermore, SBM's claims brought pursuant to the ACPA are clearly timely

because the complaint was brought within two years of the enactment of the ACPA. Thus, even if SBM's claim of trademark infringement pursuant to Section 1125(a) of the Lanham Act were time-barred, the ACPA claim, which can provide all the relief SBM requests, is timely. n50

X.

SBM seeks statutory damages in the amount of $ 100,000 for each of the offending domain names, pursuant to 15 U.S.C. § 1117(d); n51 transfer of each of the fifty-three domain names, pursuant to 15 U.S.C. § 1125(d)(1)(C), and an injunction forbidding the plaintiff companies from registering domain names that contain the mark "Casino de Monte Carlo" and from using that mark on the Internet. As forty-three domain names infringe SBM's mark, the plaintiff companies must be ordered to transfer each of the forty-three infringing domain names to SBM. And, the plaintiff companies must be enjoined from registering domain names containing the mark "Casino de Monte Carlo" and from using that mark on the Internet.

SBM also should receive statutory damages with respect to the forty-three infringing domain names. Although a number of courts have confronted the statutory damages provision of Section 1117(d), none have articulated concrete factors for determining the amount to be awarded. A review of the cases reveals that courts reserve the high-end of the $ 1,000 to $ 100,000 range for the most egregious offenders. n52 Such cases are generally deemed "exceptional" n53 under Section 1117(a) and therefore also result in an award of attorneys' fees. n54 Where the infringer's conduct is less egregious, but still "exceptional," and therefore warranting attorneys' fees, courts award less in

statutory damages. n55 Finally, when an infringer's conduct is not deemed "exceptional," attorneys' fees are not awarded and lower statutory damages are the norm. See Mattel, Inc. v. Adventure Apparel, 2001 U.S. Dist. LEXIS 13885, 2001 WL 1035140, *5 (S.D.N.Y. 2001) (holding that when little actual harm falls upon plaintiff, damages of $ 1,000 per domain name are sufficient). n56 In this case, while SBM has proven that the plaintiff companies acted with bad faith for purposes of ACPA liability, the plaintiff companies' conduct is neither malicious nor fraudulent, as required to obtain attorneys' fees. See Doughney, 263 F.3d at 370 (holding that a mere showing of bad faith for the purpose of establishing ACPA liability is not enough to mandate an award of attorneys' fees). Moreover, nothing in the record demonstrates a finding of actual economic harm. n57 Thus, it is appropriate to award SBM statutory damages in the amount of $ 5,000 for the domain names casinomontecarlo.com and montecarlocasino.net, the two websites that provided the "Casino Monte Carlo" software to web surfers to download, and $ 1,000 for the remaining forty-one infringing domain names, thus totaling, $ 51,000.00. n58

XI.

For the reasons stated herein, SBM's counterclaim against Levy should be dismissed pursuant to Rule 12(b)(2), Fed. R. Civ. P. Furthermore, SBM's motion for summary judgment should be granted and plaintiffs' motion for summary judgment should be denied with respect to the following domain names:

. International Bancorp: montecarlocasino.net, montecarlocasino.org, montecarlocasino.com, monte-carlo-casino.com, casinosmontecarlo.com, and e-montecarlocasino.com.

. International Services: casinodemontecarlo.net, casino-montecarlo.net, casinomonte-carlo.net, casinomonte-carlo.org, casinosmontecarlo.net, casinosmontecarlo.org, casinomontecarloonline.com, ecasinomontecarlo.com, ecasinomontecarlo.net, e-montecarlocasino.com, emontecarlocasino.net, e-casinomontecarlo.net, e-montecarlocasino.net, lemontecarlocasino.net, monte-carlocasino.net, montecarlocasinoonline.com, montecarlocasinoonline.net, montecarloonlinecasino.com, montecarloonlinecasino.net, sexycasinomontecarlo.com, sexymontecarlocasino.com, sexymontecarlocasino.net, webcasinomontecarlo.com.

. International Lotteries: casinomontecarlo.com, montecarlocasinos.com, lecasinodemontecarlo.com, casinodemontecarlo.com, lemontecarlocasino.com, lecasinomontecarlo.com, casinomonte-carlo.com, monte-carlocasino.com, e-casinomontecarlo.com, casinomontecarlo.org, casinomontecarlo.net.

. Britannia: montecarlocasinos.net, thecasinomontecarlo.com, the montecarlocasino.com.

Accordingly, the plaintiff companies must be enjoined from registering and using domain names containing the trademark "Casino de Monte Carlo" or its foreign equivalents in United States commerce and from using the mark on the Internet in United States commerce. Plaintiffs also must transfer the registrar certificates to defendant SBM for the above-mentioned domain names. Furthermore, summary judgment should be awarded for plaintiffs and against defendant for the following ten domain names:

. montecarlogambling.net, montecarlogames.com, montecarlogames.net, montecarlojackpot.com, montecarlojackpot.net, livemonacocasino.com,

monacogaming.com, monacogaming.net, montecarlogambling.com, and monacocasinos.com.

Accordingly, plaintiffs may retain the certificates for these domain names.

An appropriate order will issue.

March 25, 2002

Alexandria, Virginia
T.S. Ellis III
United States District Judge

FOOTNOTES

n1 This Revised Memorandum Opinion supersedes the original Memorandum Opinion issued February 27, 2002, which was vacated to allow the parties to address various issues raised in plaintiffs' pleadings seeking a stay of the judgment. The Court elected to construe these pleadings as a motion for reconsideration and allowed the parties to file additional memoranda. The parties complied and this Revised Memorandum Opinion resolves these issues on the basis of the record as it existed at the time the original Memorandum Opinion issued. Plaintiffs filed a motion to strike, objecting to defendant's attempt to supplement the record, which motion was granted. See International Bancorp, L.L.C. v. Societe Des Bains De Mer Et Du Cercle Des Etrangers A Monaco, Civil Action No. 01-115-A (E.D. Va. Mar. 26, 2002) (order).

n2 The Principality of Monaco is comprised of four geographic regions, known as "quarters" or "quartiers": Fontiellie, La Condamine, Monaco-Ville, and Monte-Carlo.

n3 In its pleadings, SBM refers to its protected mark as "Casino de Monte Carlo," whereas SBM's application to the U.S. Patent and Trademark Office describes the mark as "Casino de Monte-Carlo." The addition of the hyphen is of no legal consequence, for under the doctrine of foreign equivalents, these two marks are treated as identical. See Pizzeria Uno Corp. v. Temple, 747 F.2d 1522, 1531 (4th Cir. 1984).

n4 These domain names include montecarloresort.com, casino-monte-carlo.com, www.sbm.mc/casino.

n6 The existence of this reservations service is reflected in the numerous of SBM's brochures submitted in the record prior to the original summary judgment motion.

n7 For instance, the Las Vegas Monte Carlo Resort & Casino offers Internet gambling. There are other examples of non-SBM-affiliated businesses offering gambling services while using the geographic term "Monte Carlo." See, e.g, Holmes v. Curtis Publishing Co., 303 F. Supp. 522, 523 (D.S.C. 1969) (discussing a gambling establishment named "Monte Carlo"); Monte Carlo Parties, Ltd. v. Webb, 253 Ga. 508, 322 S.E.2d 246 (Ga. 1984) (discussing a business that held "Monte Carlo gambling parties").

n8 International Bancorp registered the following disputed domain names: montecarlocasino.net, montecarlocasino.org, montecarlo-casino.com, monte-carlo-casino.com, casinosmontecarlo.com, and e-montecarlocasino.com.

n9 International Services registered the following disputed domain names: casinodemontecarlo.net, casino-montecarlo.net, casinomonte-carlo.net, casinomonte-carlo.org, casinosmontecarlo.net,

casinosmontecarlo.org, casinomontecarloonline.com, ecasinomontecarlo.com, ecasinomontecarlo.net, emontecarlocasino.com, emontecarlocasino.net, e-casinomontecarlo.net, e-montecarlocasino.net, lemontecarlocasino.net, monte-carlocasino.net, montecarlocasinoonline.com, montecarlocasinoonline.net, montecarloonlinecasino.com, montecarloonlinecasino.net, montecarlogambling.net, montecarlogames.com, montecarlogames.net, montecarlojackpot.com, montecarlojackpot.net, sexycasinomontecarlo.com, sexymontecarlocasino.com, sexymontecarlocasino.net, webcasinomontecarlo.com, livemonacocasino.com, monacogaming.com, and monacogaming.net.

n10 International Lotteries registered the following disputed domain names: casinomontecarlo.com, montecarlocasinos.com, lecasinodemontecarlo.com, casinodemontecarlo.com, lemontecarlocasino.com, lecasinomontecarlo.com, casinomonte-carlo.com, monte-carlocasino.com, montecarlogambling.com, e-casinomontecarlo.com, casinomontecarlo.org, and casinomontecarlo.net.

n11 Britannia registered the following disputed domain names: monacocasinos.com, montecarlocasinos.net, thecasinomontecarlo.com, and themontecarlocasino.com.

n12 Many of these websites relate to gambling and the domain names associated with them contain a geographic designation. Examples include Americanjackpot.com, Americancasino.com, Americancraps.com, Asiancasino.com, atlanticcitycasino.com, australiancasino.com,

britishcasino.com, canadiancasino.com, lasvegascasino.com, and chinacasino.com.

n13 See attached graphic 1.

n14 See attached graphic 2.

n15 Under WIPO procedures, the registrar of a domain name must implement any transfer decision of the panel, unless the losing registrant commences court proceedings against the WIPO complainant within ten days.

n16 Worth noting here is that the result reached in the WIPO proceeding is neither admissible nor entitled to any deference on the liability issues presented in this suit. Review here must be de novo and independent of any WIPO panel conclusion. See, e.g., Parisi v. Netlearning, Inc., 139 F. Supp. 2d 745, 752 (E.D. Va. 2001).

n17 See America Online, Inc. v. Huang, 106 F. Supp. 2d 848, 855-60 (E.D. Va. 2000); see also Heathmount A.E. Corp. v. Technodome.com, 106 F. Supp. 2d 860, 865-66 (E.D. Va. 2000); Cybersell, Inc. v. Cybersell, Inc., 130 F.3d 414, 418-20 (9th Cir. 1997); Rannoch, Inc. v. Rannoch-Corp., 52 F. Supp. 2d 681, 685 (E.D. Va. 1999). There is no evidence in the record that any of the plaintiff companies' hard drives or servers are located in Virginia, nor is there any indication that Levy offered to sell any of the disputed domain names to anyone in Virginia. See Panavision International, L.P. v. Toeppen, 141 F.3d 1316, 1322-24 (9th Cir. 1998) (holding that a person who registers a trademark as a domain name and offers that domain name for sale directly to the trademark owner may be subject to personal jurisdiction in the trademark owner's domicile).

n18 See Cannon Mfg. Co. v. Cudahy Packing Co., 267 U.S. 333, 337-38, 69 L. Ed. 634, 45 S. Ct. 250 (1925) (holding that the substantive law of the state of incorporation does not affect the issue of personal jurisdiction in the forum state).

For purposes of determining liability, rather than jurisdiction, Virginia employs a different rule, requiring application of the domiciliary state's law. See Morrow v. Vaughan-Bassett Furniture Co., 173 Va. 417, 4 S.E.2d 399, 401 (Va. 1939) ("The liability of a stockholder in a foreign corporation for its debts is to be determined by the laws of the State of the corporation.") (emphasis added).

n19 See, e.g., De Castro v. Sanifill, Inc., 198 F.3d 282, 284 (1st Cir. 1999); Ranger Enterprises, Inc. v. Leen & Associates, Inc., 163 F.3d 607 (9th Cir. 1998); Ten Mile Indus. Park v. Western Plains Service Corp., 810 F.2d 1518, 1527 (10th Cir. 1987); Stuart v. Spademan, 772 F.2d 1185, 1197 (5th Cir. 1985). See also Lea Brilmayer & Kathleen Paisley, Personal Jurisdiction and Substantive Legal Relations: Corporations, Conspiracies, and Agency, 74 Cal. L. Rev. 1 (1986).

n20 See, e.g., DeWitt Truck Brokers, Inc. v. W. Ray Flemming Fruit Co., 540 F.2d 681, 683 (4th Cir. 1976), discussing South Carolina's law of piercing the corporate veil, which does not require a showing of culpable conduct by the alleged alter ego.

n21 It is undisputed that U.S. trademark law protects foreign nationals who own marks protectible under American law. See Larsen v. Terk Technologies Corp., 151 F.3d 140, 146 (4th Cir. 1998).

n22 All but ten of the fifty-three domain names at issue use the term "Casino de Monte Carlo" in some way. But it is clear from the record that the following domain names constitute no use of SBM's mark and involve, instead, the use of only the geographic term "Monte Carlo." These ten names and their registrants are as follows: International Services's domain names: montecarlogambling.net , montecarlogames.com, montecarlogames.net, montecarlojackpot.com, montecarlojackpot.net, livemonacocasino.com, monacogaming.com, and monacogaming.net; International Lotteries's domain name montecarlogambling.com; and Britannia's domain name monacocasinos.com.

n23 United We Stand Am., Inc. v. United We Stand, Am. N.Y., Inc., 128 F.3d 86, 92-93 (2d Cir. 1997); see also Cable News Network L.P., L.L.L.P. v. Cnnews.com, 177 F. Supp. 2d 506, 517 (E.D. Va. 2001).

n24 See Planetary Motion, Inc. v. Techplosion, Inc., 261 F.3d 1188, 1194 (11th Cir. 2001) ("Because Congress' authority under the Commerce Clause extends to activity that substantially affects interstate commerce, the Lanham Act's definition of commerce is concomitantly broad in scope: all commerce which may lawfully be regulated by Congress.") (internal citations and quotation marks omitted).

n25 Although the amount of advertising shown in this case seems far greater than the advertising shown in Buti, see supra Part I.A, this distinction is of no avail in the Second Circuit as that court had made clear that mere advertising, however extensive, is not enough to satisfy the Lanham Act's commerce requirement. See Morningside Group Ltd. v. Morningside Capital Group, L.L.C., 182 F.3d 133, 138 (2d Cir. 1999). While it is

unclear whether the Fourth Circuit would follow the Second Circuit in this regard, that forecast need not be made here because this is not a mere advertising case.

n26 "Casino de Monte Carlo" is a composite mark, and is entitled to protection under 15 U.S.C. § 1125(a) regardless of whether each word in the combination is descriptive. See Banff, Ltd. v. Federated Dept. Stores, Inc., 841 F.2d 486, 489 (2d Cir. 1988); see also California Cooler, Inc. v. Loretto Winery, Inc., 774 F.2d 1451, 1455 (9th Cir. 1985) ("The commercial impression of a trademark is derived from [the composite mark] as a whole, not from its elements separated and concealed in detail. Thus, a composite may become a distinguishing mark even though its components individually cannot.").

n27 Fourth Circuit precedent instructs that determining secondary meaning is a judicial function. See Pinehurst, 148 F.3d at 422.

n28 See Perini, 915 F.2d at 125.

n29 Larsen, 151 F.3d at 148-49 (discussing and citing with approval Osem Food Industries v. Sherwood Foods, 917 F.2d 161 (4th Cir. 1990) and M. Kramer Mfg. Co., Inc. v. Andrews, 783 F.2d 421 (4th Cir. 1986)). See also Rubbermaid Commercial Products, Inc. v. Contico Intern., Inc., 836 F. Supp. 1247, 1261 (W.D. Va. 1993). In Larsen, the defendant manufactured and sold pirated, counterfeited products using the plaintiff's mark. See Larsen, 151 F.3d at 144-45. In Osem, the defendant admitted to copying intentionally and directly copying the plaintiff's trade dress. See Osem, 917 F.2d at 163 n.3. Finally, in Kramer, the alleged infringer directly copied the plaintiff's video game program. See Kramer, 783 F.2d at 427-28.

n30 The use and registration of the following ten domain names does not constitute use of the "Casino de Monte Carlo" mark: montecarlogambling.net, montecarlogames.com, montecarlogames.net, montecarlojackpot.com, montecarlojackpot.net, livemonacocasino.com, monacogaming.com, monacogaming.net, montecarlogambling.com, and monacocasinos.com.

n31 There is evidence in the record of both U.S. and international businesses using terms such as "Monte Carlo Casino."

n32 See supra note 31.

n33 It is clear from the record that the ten domain names which were deemed to have not been "use" of the term "Casino de Monte Carlo," see note 26, also have no likelihood of confusion with the mark, either. These excluded domain names are: montecarlogambling.net, montecarlogames.com, montecarlogames.net, montecarlojackpot.com, montecarlojackpot.net, livemonacocasino.com, monacogaming.com, monacogaming.net, montecarlogambling.com, and monacocasinos.com.

n34 See also Osem, 917 F.2d at 165 ("It would be inconsistent not to require one who tries to deceive customers to prove they had not been deceived."); Rubbermaid, 836 F. Supp. at 1261 (presumption in favor of likelihood of confusion where there is intentional copying).

n35 See supra pp. 19-20.

n36 Moreover, this record appears to be too sparse to support a finding of fame of the mark, another

necessary element of a trademark dilution claim. See 15 U.S.C. § 1125(c).

n37 The factors are:

(1) the trademark or other intellectual property rights of the registrant, if any, in the domain name;

(2) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(3) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(4) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(5) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark;

(6) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having intent to use, the domain name in the bona fide offering of any goods or services or the person's prior conduct indicating a pattern of such conduct;

(7) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact

information, or the person's prior conduct indicating a pattern of such conduct;

(8) the person's registration or acquisition of multiple domain names that the person knows are identical or confusingly similar to the distinctive marks of others or are dilutive of the famous marks of others; and

(9) the extent to which the mark incorporated in the domain name is distinctive and famous within the meaning of the Federal Trademark Dilution Act.

See 15 U.S.C. § 1125(d)(1)(B)(i).

n38 See Cnnews.com, 177 F. Supp. 2d at 524 n.41. ("For example, this factor would not support a finding of bad faith for an individual with the last name "Ford," who registers or uses the domain name 'ford.com.'").

n39 There is evidence, however, that the plaintiff companies are affiliated or have verbal agreements with two foreign entities: Casino Monte Carlo, Inc., a Panamanian corporation, and Casino Monte Carlo, NV, a company formed in the Netherlands Antilles. These facts provide little if any support for plaintiffs' position because there is no evidence that these allegedly affiliated companies have any legitimate rights to the mark "Casino de Monte Carlo" in this country or in any other country. Were it sufficient for a putative infringer to defeat a bad faith determination simply by establishing an affiliate bearing the infringing name in a remote, obscure nation, bad faith never could be proven. While there may be cases where a putative infringer's having an affiliate that has the name of the disputed domain name could defeat an inference of bad faith, this is not one of those cases.

n40 See 15 U.S.C. § 1125(d)(1)(B)(i)(III).

n41 See Cnnews.com, 177 F. Supp. 2d at 525.

n42 The case of Intermatic, Inc. v. Toeppen, 947 F. Supp. 1227 (N.D. Ill. 1996) illustrates the practice of warehousing. There, the defendant registered over 200 domain names, including deltaairlines.com, britishairways.com, crateandbarrel.com, and ussteel.com.

n43 Both the United States and Monaco are signatories to the treaty. See 24 U.S.T. 2140.

n44 See also International Cafe, S.A.L. v. Hard Rock Cafe Intern. (U.S.A.), Inc., 252 F.3d 1274, 1277-78 (11th Cir. 2001); Vanity Fair Mills, Inc. v. T. Eaton Co., 234 F.2d 633, 644 (2d Cir. 1956); L'Aiglon Apparel v. Lana Lobell, Inc., 214 F.2d 649, 652-54 (3d Cir. 1954).

n45 Virginia choice of law rules apply here. See ITCO Corp. v. Michelin Tire Corp., Commercial Div., 722 F.2d 42, 49 n.11 (4th Cir. 1983) (holding that in federal question cases, a district court entertaining pendent state claims should follow the choice of law rules of the forum state, citing Klaxon Co. v. Stentor Elec. Mfg. Co., 313 U.S. 487, 496, 85 L. Ed. 1477, 61 S. Ct. 1020 (1941)); Jones v. R.S. Jones and Assoc., Inc., 246 Va. 3, 431 S.E.2d 33, 34 (Va. 1993) (holding that Virginia applies the lex loci delicti, the law of the place of the wrong); Diaz Vicente v. Obenauer, 736 F. Supp. 679, 690 (E.D. Va. 1990) ("The rule of lex loci delicti is well-settled in Virginia; the place of the injury supplies the governing law in tort actions."). Because the allegedly infringing domain names have their "situs" in Virginia, see 15 U.S.C. § 1125(d)(2)(C), Virginia is the place of the alleged injury to SBM's mark.

n46 Virginia law does not recognize the burden-shifting scheme adopted by the Fourth Circuit in Larsen and related cases. See supra Part IV.

n47 See McCarthy § 2:14 (stating unequivocally that "trademarks are property rights").

n48 See U.S. Ct. of App. 4th Cir. Rule 36(c).

n49 It is, therefore, unnecessary to reach the question whether the statute of limitations tolled while the matter was pending before the WIPO arbitration panel. Although this specific issue has not been addressed directly, the Fourth Circuit has held that it is proper to toll the statute of limitations in similar circumstances. See, e.g., Crawford v. Air Line Pilots Ass'n Intl'l, 870 F.2d 155, 159 (4th Cir. 1989) (holding that the statute of limitations tolled during an arbitration period); Trent v. Bolger, 837 F.2d 657, 659-60 (4th Cir. 1988) (holding that the statute of limitations tolled during the period of an administrative appeal). Thus, it follows that the statute of limitations tolled while the matter was pending before the WIPO arbitration panel.

n50 Nor is the equitable relief sought in this claim barred by laches. See Lyons, 243 F.3d at 799 (holding that "when federal courts, in the exercise of their equitable power, consider laches, they are guided by the limitations period that they would borrow for actions at law and presume that if an equitable claim is brought within the limitations period, it will not be barred by laches"). In any event, there is no persuasive evidence of laches in this record.

n51 Section 1117(d) provides that "in a case involving a violation of section 1125(d)(1) of this title, the plaintiff may elect, at any time before final judgment is rendered

by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $ 1,000 and not more than $ 100,000 per domain name, as the court considers just."

It is well-established that anyone who unlawfully registers, traffics in, or uses a domain name after the ACPA's date of enactment, November 29, 1999, may be liable for monetary damages under 15 U.S.C. § 1117(d) and may be subject to having the domain name transferred to the owner of the mark or canceled under 15 U.S.C. § 1125(d)(2)(D)(i)." See Virtual Works, Inc. v. Volkswagen of America, Inc., 238 F.3d 264, 268 (4th Cir. 2001). While many of the disputed domain names were registered before 1999, all of them were used or trafficked in after the ACPA was enacted. Thus, damages may be awarded for each of the disputed domain names.

n52 See, e.g., Aztar Corp. v. MGM Casino, 2001 U.S. Dist. LEXIS 13118, 2001 WL 939070, *6 (E.D. Va. 2001) (finding $ 100,000 in statutory damages for use of one domain name when defendant's willful and bad faith infringement and dilution was especially deceptive and continued even after plaintiff put defendant on notice of the infringing conduct); Electronics Boutique Holdings Corp. v. Zuccarini, 2000 U.S. Dist. LEXIS 15719, 2000 WL 1622760, *8 (E.D. Pa. 2000) (finding $ 100,000 in statutory damages when defendant's conduct was egregious and he "boldly thumbed his nose at the rulings of this court and the laws of our country").

n53 In this circuit, it is well-established that a case is exceptional where the infringer's conduct was "malicious, fraudulent, willful or deliberate in nature." Doughney, 263 F.3d at 370 (quoting Scotch Whisky Ass'n, 958 F.2d at 599). Thus, a prevailing trademark

holder must "show that the defendant acted in bad faith." Doughney, 263 F.3d at 370. Yet, "a bad faith finding under the ACPA does not compel a finding of malicious, fraudulent, willful or deliberate behavior under § 1117." Id. Thus, it is within the discretion of the district court to find that even if a party violates the ACPA (and has, by definition, acted in bad faith), that party might not have acted "with the level of malicious, fraudulent, willful or deliberate behavior necessary for an award of attorney fees." Id.

n54 See Aztar Corp., 2001 U.S. Dist. LEXIS 13118, 2001 WL 939070, *6; Electronics Boutique Holdings, 2000 U.S. Dist. LEXIS 15719, 2000 WL 1622760, *8.

n55 See Shields v. Zuccarini, 254 F.3d 476, 487 (3d Cir. 2001) (affirming an award of $ 10,000 per domain name plus attorneys' fees); Victoria's Cyber Secret Ltd. Partnership v. V Secret Catalogue, Inc., 161 F. Supp. 2d 1339, 1356 (S.D. Fla. 2001) (same); National Collegiate Athletic Ass'n v. BBF International, 2001 U.S. Dist. LEXIS 11774, 2001 WL 841050, *2 (E.D. Va. 2001) (same); United Greeks, Inc. v. Klein, 2000 U.S. Dist. LEXIS 5670, 2000 WL 554196, *1 (N.D.N.Y. 2000) (awarding $ 2,000 in statutory damages and attorneys' fees for "exceptional" conduct).

n56 Cf. E. & J. Gallo Winery v. Spider Webs Ltd., 129 F. Supp. 2d 1033, 1048 (S.D. Tex. 2001) (awarding $ 25,000 per domain name but no attorneys' fees).

n57 See supra Part V.

n58 The plaintiff companies are responsible for the following amounts based on their ownership of their domain names: International Bancorp--$ 10,000 (for montecarlocasino.net and five other domain names);

International Services--$ 23,000 (for twenty-three domain names); International Lotteries--$ 15,000 (for casinomontecarlo.com and ten other domain names); Britannia--$ 3,000 (for three domain names).

No. 02-1364
CA-01-115-A

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

INTERNATIONAL BANCORP, LLC; INTERNATIONAL SERVICES, INCORPORATED; INTERNATIONAL LOTTERIES, LLC; LAS VEGAS SPORTSBOOK, INCORPORATED; BRITANNIA FINANCE CORPORATION
Plaintiffs-Appellants

v.

SOCIETE DES BAINS DE MER ET DU CERCLE DES ETRANGERS A MONACO
Defendant-Appellee

July 23, 2003 Filed

On Petition for Rehearing and Rehearing In Banc

Appellants filed a petition for rehearing and rehearing en banc,

Judge Motz voted to grant panel rehearing. Judges Niemeyer and Luttig voted to deny.

No member of the Court requested a poll on the petition for rehearing en banc.

The Court denies the petition for rehearing and rehearing en banc.

Entered at the direction of Judge Luttig for the Court.

For the Court,

/s/ Patricia S. Conner
Clerk

15 USCS § 1114 (2003)

§ 1114. Remedies; infringement; innocent infringement by printers and publishers

(1) Any person who shall, without the consent of the registrant–

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

(b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.

As used in this paragraph, the term "any person" includes the United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, or other persons acting for the United

States and with the authorization and consent of the United States, and any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, and any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

(2) Notwithstanding any other provision of this Act, the remedies given to the owner of a right infringed under this Act or to a person bringing an action under section 43(a) or (d) [15 USCS § 1125(a) or (d)] shall be limited as follows:

(A) Where an infringer or violator is engaged solely in the business of printing the mark or violating matter for others and establishes that he or she was an innocent infringer or innocent violator, the owner of the right infringed or person bringing the action under section 43(a) [15 USCS § 1125(a)] shall be entitled as against such infringer or violator only to an injunction against future printing.

(B) Where the infringement or violation complained of is contained in or is part of paid advertising matter in a newspaper, magazine, or other similar periodical or in an electronic communication as defined in section 2510(12) of title 18, United States Code, the remedies of the owner of the right infringed or person bringing the action under section 43(a) [15 USCS § 1125(a)] as against the publisher or distributor of such newspaper, magazine, or other similar periodical or electronic

communication shall be limited to an injunction against the presentation of such advertising matter in future issues of such newspapers, magazines, or other similar periodicals or in future transmissions of such electronic communications. The limitations of this subparagraph shall apply only to innocent infringers and innocent violators.

(C) Injunctive relief shall not be available to the owner of the right infringed or person bringing the action under section 43(a) [15 USCS § 1125(a)] with respect to an issue of a newspaper, magazine, or other similar periodical or an electronic communication containing infringing matter or violating matter where restraining the dissemination of such infringing matter or violating matter in any particular issue of such periodical or in an electronic communication would delay the delivery of such issue or transmission of such electronic communication after the regular time for such delivery or transmission, and such delay would be due to the method by which publication and distribution of such periodical or transmission of such electronic communication is customarily conducted in accordance with sound business practice, and not due to any method or device adopted to evade this section or to prevent or delay the issuance of an injunction or restraining order with respect to such infringing matter or violating matter.

(D) (i) (I) A domain name registrar, a domain name registry, or other domain name registration authority that takes any action described under clause (ii) affecting a domain name shall not be liable for monetary relief or, except as provided in subclause (II), for injunctive relief, to any person for such action, regardless of whether the domain name is finally determined to infringe or dilute the mark.

(II) A domain name registrar, domain name registry, or other domain name registration authority described in subclause (I) may be subject to injunctive relief only if such registrar, registry, or other registration authority has–

(aa) not expeditiously deposited with a court, in which an action has been filed regarding the disposition of the domain name, documents sufficient for the court to establish the court's control and authority regarding the disposition of the registration and use of the domain name;

(bb) transferred, suspended, or otherwise modified the domain name during the pendency of the action, except upon order of the court; or

(cc) willfully failed to comply with any such court order.

(ii) An action referred to under clause (i)(I) is any action of refusing to register, removing from registration, transferring, temporarily disabling, or permanently canceling a domain name–

(I) in compliance with a court order under section 43(d) [15 USCS § 1125(d)]; or

(II) in the implementation of a reasonable policy by such registrar, registry, or authority prohibiting the registration of a domain name that is identical to, confusingly similar to, or dilutive of another's mark.

(iii) A domain name registrar, a domain name registry, or other domain name registration authority shall not be liable for damages under this section for the registration or maintenance of a domain name for

another absent a showing of bad faith intent to profit from such registration or maintenance of the domain name.

(iv) If a registrar, registry, or other registration authority takes an action described under clause (ii) based on a knowing and material misrepresentation by any other person that a domain name is identical to, confusingly similar to, or dilutive of a mark, the person making the knowing and material misrepresentation shall be liable for any damages, including costs and attorney's fees, incurred by the domain name registrant as a result of such action. The court may also grant injunctive relief to the domain name registrant, including the reactivation of the domain name or the transfer of the domain name to the domain name registrant.

(v) A domain name registrant whose domain name has been suspended, disabled, or transferred under a policy described under clause (ii)(II) may, upon notice to the mark owner, file a civil action to establish that the registration or use of the domain name by such registrant is not unlawful under this Act. The court may grant injunctive relief to the domain name registrant, including the reactivation of the domain name or transfer of the domain name to the domain name registrant.

(E) As used in this paragraph–

(i) the term "violator" means a person who violates section 43(a) [15 USCS § 1125(a)]; and

(ii) the term "violating matter" means matter that is the subject of a violation under section 43(a) [15 USCS § 1125(a)].

15 USCS § 1117 (2003)

§ 1117. Recovery for violation of rights; profits, damages and costs; attorney fees; treble damages

(a) When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, a violation under section 43(a) or (d) [15 USCS § 1125(a) or (d)], or a willful violation under section 43(c) [15 USCS § 1125(c)], shall have been established in any civil action arising under this Act, the plaintiff shall be entitled, subject to the provisions of sections 29 and 32 [15 USCS §§ 1111, 1114], and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party..

(b) In assessing damages under subsection (a), the court shall, unless the court finds extenuating circumstances, enter judgment for three times such profits or damages, whichever is greater, together with a

reasonable attorney's fee, in the case of any violation of section 32(1)(a) of this Act (15 U.S.C. 1114(1)(a)) or section 220506 of title 36, United States Code, that consists of intentionally using a mark or designation, knowing such mark or designation is a counterfeit mark (as defined in section 34(d) of this Act (15 U.S.C. 1116(d)), in connection with the sale, offering for sale, or distribution of goods or services. In such cases, the court may in its discretion award prejudgment interest on such amount at an annual interest rate established under section 6621(a)(2) of the Internal Revenue Code of 1986 [26 USCS § 6621(a)(2)], commencing on the date of the service of the claimant's pleadings setting forth the claim for such entry and ending on the date such entry is made, or for such shorter time as the court deems appropriate.

(c) In a case involving the use of a counterfeit mark (as defined in section 34(d) (15 U.S.C. 1116(d)) in connection with the sale, offering for sale, or distribution of goods or services, the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits under subsection (a), an award of statutory damages for any such use in connection with the sale, offering for sale, or distribution of goods or services in the amount of–

(1) not less than $ 500 or more than $ 100,000 per counterfeit mark per type of goods or services sold, offered for sale, or distributed, as the court considers just; or

(2) if the court finds that the use of the counterfeit mark was willful, not more than $ 1,000,000 per counterfeit mark per type of goods or services sold,

offered for sale, or distributed, as the court considers just.

(d) In a case involving a violation of section 43(d)(1) [15 USCS § 1125(d)(1)], the plaintiff may elect, at any time before final judgment is rendered by the trial court, to recover, instead of actual damages and profits, an award of statutory damages in the amount of not less than $ 1,000 and not more than $ 100,000 per domain name, as the court considers just.

15 USCS § 1125 (2003)

§ 1125. False designations of origin and false descriptions forbidden

(a) Civil action.

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which–

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

(2) As used in this subsection, the term "any person" includes any State, instrumentality of a State or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

(3) In a civil action for trade dress infringement under this Act for trade dress not registered on the principal register, the person who asserts trade dress protection has the burden of proving that the matter sought to be protected is not functional.

(b) Importation.—Any goods marked or labeled in contravention of the provisions of this section shall not be imported into the United States or admitted to entry at any customhouse of the United States. The owner, importer, or consignee of goods refused entry at any customhouse under this section may have any recourse by protest or appeal that is given under the customs revenue laws or may have the remedy given by this Act in cases involving goods refused entry or seized.

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other

relief as is provided in this subsection. In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to–

(A) the degree of inherent or acquired distinctiveness of the mark;

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

(2) In an action brought under this subsection, the owner of the famous mark shall be entitled only to injunctive relief as set forth in section 34 [15 USCS § 1116] unless the person against whom the injunction is sought willfully intended to trade on the owner's

reputation or to cause dilution of the famous mark. If such willful intent is proven, the owner of the famous mark shall also be entitled to the remedies set forth in sections 35(a) and 36 [15 USCS §§ 1117(a), 1118], subject to the discretion of the court and the principles of equity.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.

(4) The following shall not be actionable under this section:

(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark.

(B) Noncommercial use of a mark.

(C) All forms of news reporting and news commentary.

(d) Cyberpiracy prevention.

(1) (A) A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person–

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that–

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of title 18, United States Code, or section 220506 of title 36, United States Code.

(B) (i) In determining whether a person has a bad faith intent described under subparagraph (A), a court may consider factors such as, but not limited to–

(I) the trademark or other intellectual property rights of the person, if any, in the domain name;

(II) the extent to which the domain name consists of the legal name of the person or a name that is otherwise commonly used to identify that person;

(III) the person's prior use, if any, of the domain name in connection with the bona fide offering of any goods or services;

(IV) the person's bona fide noncommercial or fair use of the mark in a site accessible under the domain name;

(V) the person's intent to divert consumers from the mark owner's online location to a site accessible under the domain name that could harm the goodwill represented by the mark, either for commercial gain or with the intent to tarnish or disparage the mark, by creating a likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of the site;

(VI) the person's offer to transfer, sell, or otherwise assign the domain name to the mark owner or any third party for financial gain without having used, or having an intent to use, the domain name in the bona fide offering of any goods or services, or the person's prior conduct indicating a pattern of such conduct;

(VII) the person's provision of material and misleading false contact information when applying for the registration of the domain name, the person's intentional failure to maintain accurate contact information, or the person's prior conduct indicating a pattern of such conduct;

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties; and

(IX) the extent to which the mark incorporated in the person's domain name registration is or is not distinctive and famous within the meaning of subsection (c)(1) of section 43 [subsec. (c)(1) of this section].

(ii) Bad faith intent described under subparagraph (A) shall not be found in any case in which the court determines that the person believed and had reasonable grounds to believe that the use of the domain name was a fair use or otherwise lawful.

(C) In any civil action involving the registration, trafficking, or use of a domain name under this paragraph, a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark.

(D) A person shall be liable for using a domain name under subparagraph (A) only if that person is the domain name registrant or that registrant's authorized licensee.

(E) As used in this paragraph, the term "traffics in" refers to transactions that include, but are not limited to, sales, purchases, loans, pledges, licenses, exchanges of currency, and any other transfer for consideration or receipt in exchange for consideration.

(2) (A) The owner of a mark may file an in rem civil action against a domain name in the judicial district in which the domain name registrar, domain name registry, or other domain name authority that registered or assigned the domain name is located if–

(i) the domain name violates any right of the owner of a mark registered in the Patent and Trademark Office, or protected under subsection (a) or (c); and

(ii) the court finds that the owner–

(I) is not able to obtain in personam jurisdiction over a person who would have been a defendant in a civil action under paragraph (1); or

(II) through due diligence was not able to find a person who would have been a defendant in a civil action under paragraph (1) by–

(aa) sending a notice of the alleged violation and intent to proceed under this paragraph to the registrant of the domain name at the postal and e-mail address provided by the registrant to the registrar; and

(bb) publishing notice of the action as the court may direct promptly after filing the action.

(B) The actions under subparagraph (A)(ii) shall constitute service of process.

(C) In an in rem action under this paragraph, a domain name shall be deemed to have its situs in the judicial district in which–

(i) the domain name registrar, registry, or other domain name authority that registered or assigned the domain name is located; or

(ii) documents sufficient to establish control and authority regarding the disposition of the registration and use of the domain name are deposited with the court.

(D) (i) The remedies in an in rem action under this paragraph shall be limited to a court order for the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark. Upon receipt of written notification of a filed, stamped

copy of a complaint filed by the owner of a mark in a United States district court under this paragraph, the domain name registrar, domain name registry, or other domain name authority shall–

(I) expeditiously deposit with the court documents sufficient to establish the court's control and authority regarding the disposition of the registration and use of the domain name to the court; and

(II) not transfer, suspend, or otherwise modify the domain name during the pendency of the action, except upon order of the court.

(ii) The domain name registrar or registry or other domain name authority shall not be liable for injunctive or monetary relief under this paragraph except in the case of bad faith or reckless disregard, which includes a willful failure to comply with any such court order.

(3) The civil action established under paragraph (1) and the in rem action established under paragraph (2), and any remedy available under either such action, shall be in addition to any other civil action or remedy otherwise applicable.

(4) The in rem jurisdiction established under paragraph (2) shall be in addition to any other jurisdiction that otherwise exists, whether in rem or in personam.

15 USCS § 1126 (2003)

§ 1126. International conventions

(a) Register of marks communicated by international bureaus. The Director shall keep a register of all marks communicated to him by the international bureaus provided for by the conventions for the protection of industrial property, trademarks, trade and commercial names, and the repression of unfair competition to which the United States is or may become a party, and upon the payment of the fees required by such conventions and the fees required in this Act may place the marks so communicated upon such register. This register shall show a facsimile of the mark or trade or commercial name; the name, citizenship, and address of the registrant; the number, date, and place of the first registration of the mark, including the dates on which application for such registration was filed and granted and the term of such registration; a list of goods or services to which the mark is applied as shown by the registration in the country of origin, and such other data as may be useful concerning the mark. This register shall be a continuation of the register provided in section 1(a) of the Act of March 19, 1920.

(b) Benefits of section to persons whose country of origin is party to convention or treaty. Any person whose country of origin is a party to any convention or treaty relating to trademarks, trade or commercial names, or the repression of unfair competition, to which the United States is also a party, or extends reciprocal rights to nationals of the United States by law, shall be entitled to the benefits of this section under the conditions expressed herein to the extent necessary to give effect to any provision of such convention, treaty or

reciprocal law, in addition to the rights to which any owner of a mark is otherwise entitled by this Act.

(c) Prior registration in country of origin; country of origin defined. No registration of a mark in the United States by a person described in subsection (b) of this section shall be granted until such mark has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce. For the purposes of this section, the country of origin of the applicant is the country in which he has a bona fide and effective industrial or commercial establishment, or if he has not such an establishment the country in which he is domiciled, or if he has not a domicile in any of the countries described in subsection (b) of this section, the country of which he is a national.

(d) Right of priority. An application for registration of a mark under sections 1, 3, 4, or 23 of this Act [15 USCS §§ 1051, 1053, 1054, or 1091] or under subsection (e) of this section filed by a person described in subsection (b) of this section who has previously duly filed an application for registration of the same mark in one of the countries described in subsection (b) shall be accorded the same force and effect as would be accorded to the same application if filed in the United States on the same date on which the application was first filed in such foreign country: Provided, that–

(1) the application in the United States is filed within six months from the date on which the application was first filed in the foreign country;

(2) the application conforms as nearly as practicable to the requirements of this Act, including a statement that the applicant has a bona fide intention to use the mark in commerce;

(3) the rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained on an application filed under this subsection;

(4) nothing in this subsection shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country unless the registration is based on use in commerce.

In like manner and subject to the same conditions and requirements, the right provided in this section may be based upon a subsequent regularly filed application in the same foreign country, instead of the first filed foreign application: Provided, That any foreign application filed prior to such subsequent application has been withdrawn, abandoned, or otherwise disposed of, without having been laid open to public inspection and without leaving any rights outstanding, and has not served, nor thereafter shall serve, as a basis for claiming a right of priority.

(e) Registration on principal or supplemental register; copy of foreign registration. A mark duly registered in the country of origin of the foreign applicant may be registered on the principal register if eligible, otherwise on the supplemental register herein provided. Such applicant shall submit, within such time period as may be prescribed by the Commissioner, a true copy, a photocopy, a certification, or a certified copy of the registration in the country of origin of the applicant. The application must state the applicant's bona fide intention to use the mark in commerce, but use in commerce shall not be required prior to registration.

(f) Domestic registration independent of foreign registration. The registration of a mark under the provisions of subsections (c), (d), and (e) of this section by a person described in subsection (b) shall be independent of the registration in the country of origin and the duration, validity, or transfer in the United States of such registration shall be governed by the provisions of this Act.

(g) Trade or commercial names of foreign nationals protected without registration. Trade names or commercial names of persons described in subsection (b) of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

(h) Protection of foreign nationals against unfair competition. Any person designated in subsection (b) of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks shall be available so far as they may be appropriate in repressing acts of unfair competition.

(i) Citizens or residents of United States entitled to benefits of section. Citizens or residents of the United States shall have the same benefits as are granted by this section to persons described in subsection (b) of this section.

15 USCS § 1127 (2003)

§ 1127. Construction and definitions; intent of chapter

In the construction of this Act, unless the contrary is plainly apparent from the context–

The United States includes and embraces all territory which is under its jurisdiction and control.

The word "commerce" means all commerce which may lawfully be regulated by Congress.

The term "principal register" refers to the register provided for by sections 1 through 22 hereof [15 USCS §§ 1051-1072], and the term "supplemental register" refers to the register provided for by sections 23 through 28 thereof [15 USCS §§ 1091-1096].

The term "person" and any other word or term used to designate the applicant or other entitled to a benefit or privilege or rendered liable under the provisions of this Act includes a juristic person as well as a natural person. The term "juristic person" includes a firm, corporation, union, association, or other organization capable of suing and being sued in a court of law.

The term "person" also includes the United States, any agency or instrumentality thereof, or any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States. The United States, any agency or instrumentality thereof, and any individual, firm, or corporation acting for the United States and with the authorization and consent of the United States, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The term "person" also includes any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity. Any State, and any such instrumentality, officer, or employee, shall be subject to the provisions of this Act in the same manner and to the same extent as any nongovernmental entity.

The terms "applicant" and "registrant" embrace the legal representatives, predecessors, successors and assigns of such applicant or registrant.

The term "Director" means the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

The term "related company" means any person whose use of a mark is controlled by the owner of the mark with respect to the nature and quality of the goods or services on or in connection with which the mark is used.

The terms "trade name" and "commercial name" mean any name used by a person to identify his or her business or vocation.

The term "trademark" includes any word, name, symbol, or device, or any combination thereof–

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by

others and to indicate the source of the goods, even if that source is unknown.

The term "service mark" means any word, name, symbol, or device, or any combination thereof–

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown. Titles, character names, and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor.

The term "certification mark" means any word, name, symbol, or device, or any combination thereof–

(1) used by a person other than its owner, or

(2) which its owner has a bona fide intention to permit a person other than the owner to use in commerce and files an application to register on the principal register established by this Act,

to certify regional or other origin, material, mode of manufacture, quality, accuracy, or other characteristics of such person's goods or services or that the work or labor on the goods or services was performed by members of a union or other organization.

The term "collective mark" means a trademark or service mark–

(1) used by the members of a cooperative, an association, or other collective group or organization, or

(2) which such cooperative, association, or other collective group or organization has a bona fide intention to use in commerce and applies to register on the principal register established by this Act,

and includes marks indicating membership in a union, an association, or other organization.

The term "mark" includes any trademark, service mark, collective mark, or certification mark.

The term "use in commerce" means the bona fide use of a mark in the ordinary course of trade, and not made merely to reserve a right in a mark. For purposes of this Act, a mark shall be deemed to be in use in commerce–

(1) on goods when–

(A) it is placed in any manner on the goods or their containers or the displays associated therewith or on the tags or labels affixed thereto, or if the nature of the goods makes such placement impracticable, then on documents associated with the goods or their sale, and

(B) the goods are sold or transported in commerce, and

(2) on services when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or the services are rendered in more than one State or in the United States and a foreign country

and the person rendering the services is engaged in commerce in connection with the services.

A mark shall be deemed to be "abandoned" if either of the following occurs:

(1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark.

(2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of–

(1) competition between the owner of the famous mark and other parties, or

(2) likelihood of confusion, mistake, or deception.

The term "colorable imitation" includes any mark which so resembles a registered mark as to be likely to cause confusion or mistake or to deceive.

The term "registered mark" means a mark registered in the United States Patent and Trademark Office under

this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, or the Act of March 19, 1920. The phrase "marks registered in the Patent and Trademark Office" means registered marks.

The term "Act of March 3, 1881," "Act of February 20, 1905," or "Act of March 19, 1920," means the respective Act as amended.

A "counterfeit" is a spurious mark which is identical with, or substantially indistinguishable from, a registered mark.

The term "domain name" means any alphanumeric designation which is registered with or assigned by any domain name registrar, domain name registry, or other domain name registration authority as part of an electronic address on the Internet.

The term "Internet" has the meaning given that term in section 230(f)(1) of the Communications Act of 1934 (47 U.S.C. 230(f)(1)).

Words used in the singular include the plural and vice versa.

The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions

respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

FEDERAL RULES OF EVIDENCE

Rule 301. Presumptions in General Civil Actions and Proceedings

In all civil actions and proceedings not otherwise provided for by Act of Congress or by these rules, a presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.

FEDERAL RULES OF CIVIL PROCEDURE

Rule 65. Injunctions

(a) Preliminary Injunction.

(1) Notice.
No preliminary injunction shall be issued without notice to the adverse party.

(2) Consolidation of Hearing with Trial on Merits.
Before or after the commencement of the hearing of an application for a preliminary injunction, the court may order the trial of the action on the merits to be advanced and consolidated with the hearing of the application. Even when this consolidation is not ordered, any evidence received upon an application for a preliminary injunction which would be admissible upon the trial on the merits becomes part of the record on the trial and

need not be repeated upon the trial. This subdivision (a)(2) shall be so construed and applied as to save to the parties any rights they may have to trial by jury.

(b) Temporary Restraining Order; Notice; Hearing; Duration.
A temporary restraining order may be granted without written or oral notice to the adverse party or that party's attorney only if (1) it clearly appears from specific facts shown by affidavit or by the verified complaint that immediate and irreparable injury, loss, or damage will result to the applicant before the adverse party or that party's attorney can be heard in opposition, and (2) the applicant's attorney certifies to the court in writing the efforts, if any, which have been made to give the notice and the reasons supporting the claim that notice should not be required. Every temporary restraining order granted without notice shall be indorsed with the date and hour of issuance; shall be filed forthwith in the clerk's office and entered of record; shall define the injury and state why it is irreparable and why the order was granted without notice; and shall expire by its terms within such time after entry, not to exceed 10 days, as the court fixes, unless within the time so fixed the order, for good cause shown, is extended for a like period or unless the party against whom the order is directed consents that it may be extended for a longer period. The reasons for the extension shall be entered of record. In case a temporary restraining order is granted without notice, the motion for a preliminary injunction shall be set down for hearing at the earliest possible time and takes precedence of all matters except older matters of the same character; and when the motion comes on for hearing the party who obtained the temporary restraining order shall proceed with the application for a preliminary injunction and, if the party does not do so, the court shall dissolve the temporary restraining order.

On 2 days' notice to the party who obtained the temporary restraining order without notice or on such shorter notice to that party as the court may prescribe, the adverse party may appear and move its dissolution or modification and in that event the court shall proceed to hear and determine such motion as expeditiously as the ends of justice require.

(c) Security.
No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems proper, for the payment of such costs and damages as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained. No such security shall be required of the United States or of an officer or agency thereof.

The provisions of Rule 65.1 apply to a surety upon a bond or undertaking under this rule.

(d) Form and Scope of Injunction or Restraining Order.
Every order granting an injunction and every restraining order shall set forth the reasons for its issuance; shall be specific in terms; shall describe in reasonable detail, and not by reference to the complaint or other document, the act or acts sought to be restrained; and is binding only upon the parties to the action, their officers, agents, servants, employees, and attorneys, and upon those persons in active concert or participation with them who receive actual notice of the order by personal service or otherwise.

(e) Employer and Employee; Interpleader; Constitutional Cases.
These rules do not modify any statute of the United States relating to temporary restraining orders and

preliminary injunctions in actions affecting employer and employee; or the provisions of Title 28, U.S.C., § 2361, relating to preliminary injunctions in actions of interpleader or in the nature of interpleader; or Title 28, USC, § 2284, relating to actions required by Act of Congress to be heard and determined by a district court of three judges.

(f) Copyright Impoundment.
This rule applies to copyright impoundment proceedings.